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THE ROUND TABLE

A QUARTERLY REVIEW OF
THE POLITICS OF THE BRITISH EMPIRE

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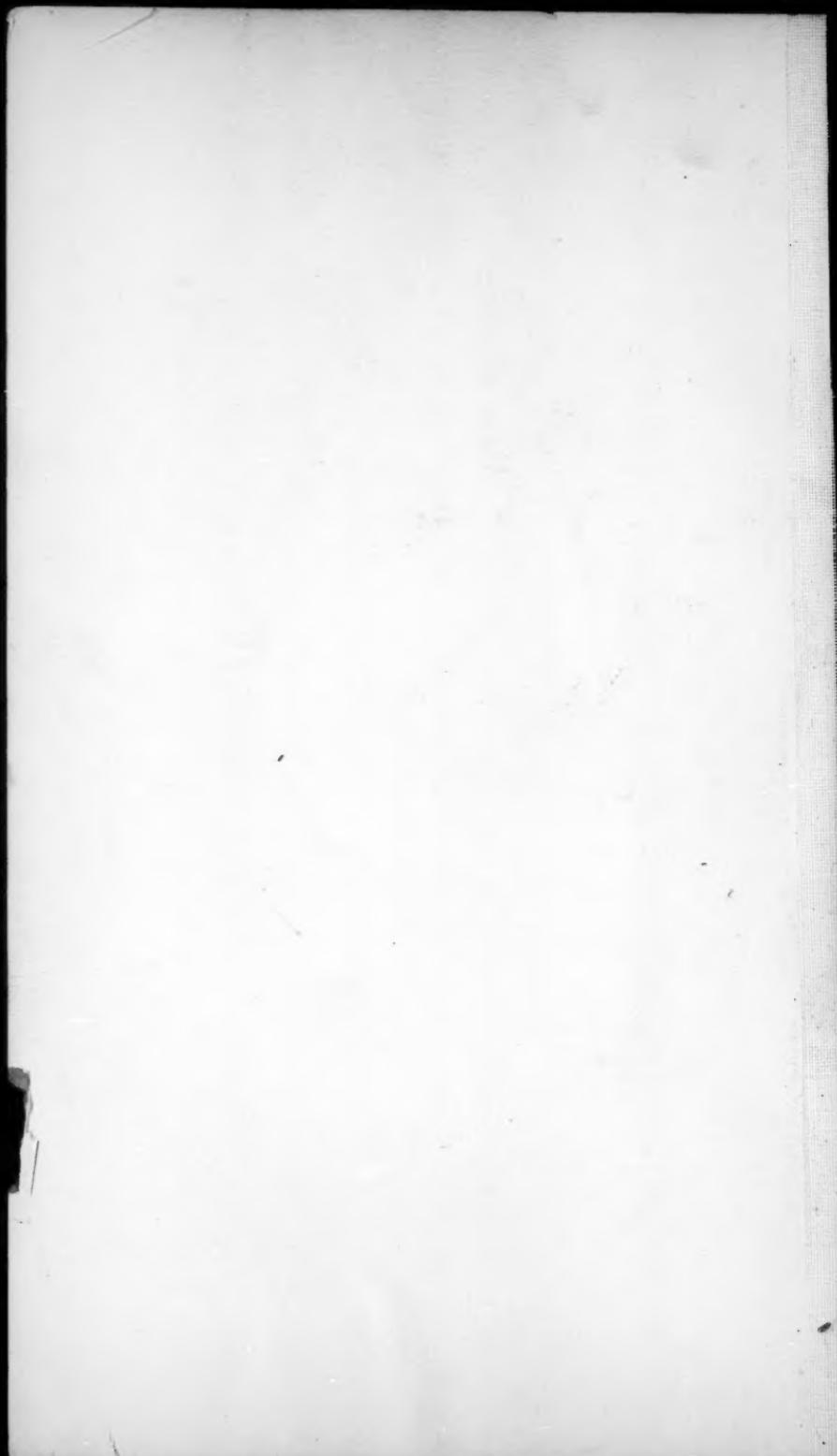
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DECEMBER · MCMXVIII Price 2/6 N° 33

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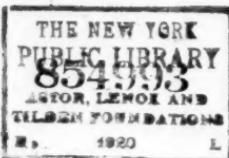
THE ROUND TABLE

A QUARTERLY REVIEW OF THE
POLITICS OF THE BRITISH EMPIRE

Volume IX

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NOTE

THE ROUND TABLE is a co-operative enterprise conducted by people who dwell in all parts of the British Empire, and whose aim is to publish once a quarter a comprehensive review of Imperial politics, entirely free from the bias of local party issues. The affairs of THE ROUND TABLE in each portion of the Empire are in the hands of local residents who are responsible for all articles on the politics of their own country. It is hoped that in this way THE ROUND TABLE will reflect the current opinions of all parts about Imperial problems, and at the same time present a survey of them as a whole. Opinions and articles of a party character will be rigidly excluded.

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WINDOWS OF FREEDOM

THE future position of America in the world, not that of Germany, Austria, or Turkey, is the great issue which now hangs on the Peace Conference. In order to explain this, however, the balance of power, the freedom of the seas, and the League of Nations must first be discussed. To conclusions arrived at on these points must be added a few remarks on the fate of Germany.

I. THE BALANCE OF POWER

FROM March to July the Allies were faced with imminent peril of defeat. In the first week of October their enemies were suing for peace. So swift and complete a change in the fortunes of mighty opposites is without example in history, and to find some parallel to our thoughts we turn to the stories of that immemorial race, the exiles of three thousand years, for whom their land is now reclaimed by our arms. Had these days of deliverance been prophesied six months ago, what other answer would most of us have made to the prophet than that of the lord upon whose hand the beleaguered King of Samaria leaned : "Behold, if the Lord would make windows in heaven, might this thing be." And yet the thing has been. Less than six months ago the liberties of the world trembled in the balance within gunshot of Amiens. To-day Bulgaria, Turkey, Austria and Hungary lie disarmed, while Prus-

The Round Table, December, 1918.

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sianism reels on the brink of its dishonoured grave. We are in sight of the day when the men who have led freedom to victory will gather to dictate conditions of peace.*

There is more for that gathering to do than to settle the terms of peace. No one room can ever have held men from whose joint decisions the world had so much to gain or lose. Yet in substance those decisions will not be originated but only registered by the statesmen over whose signatures they will appear. To a far greater extent than those who met at Vienna in 1815, they will think and speak as the mouthpieces of the peoples they represent. We, to whom they are answerable, cannot merely look to our leaders to save us from ourselves, nor, folding our hands, leave them to waste or improve the greatest opportunity which has ever fallen to men. As our statesmen think, so will they act; but their thoughts will in fact be ours. This does not mean that there is nothing for statesmen to do. Our minds react to their words. The power of men like Lloyd George, Clemenceau and Wilson to clear or darken the public mind is immense, and their responsibility to future generations, even more than to us, correspondingly great. But ours, to those who come after us, is great beyond measure; for the final decisions of Wilson, Clemenceau and Lloyd George will only reflect the minds of the nations for whom, as well as to whom, they speak. Of all things this is the most certain, that as in the next few months our thoughts are true or false, so will the decisions of our leaders be fraught with good or ill for all future time. Never in history was a time, and never perhaps will a time recur, when confusion or clearness in the minds of men at large will so make or mar the fortunes of mankind.

The structure of the future depends upon that of the past. Before discussing what our future should be, we have, therefore, to consider the past, to remember its

* This article was begun before and finished after the signature of the armistice.

The Balance of Power

origin, to realise its design, and above all to grasp its defects. For the first seeds of freedom the world is indebted to the commonwealths of Greece. For the peace which enabled those seeds to germinate in the minds of men the world is indebted to the autocracy of Rome. Of that peace the Caesars were the architects, the Antonines its greatest exponents. Surrounding the Roman Empire was a rampart of legions, which for centuries held in check the luxurious despotisms of Asia and the virile barbarians of the North. Within that wall, spiked with spears, the races which fringed the Mediterranean were held subject to a common law and a general peace, by the will of one despot backed by his legions. By the power of their spears one despot imposed a common law, a general peace and, to a great extent, a common language on all the races of Southern and Western Europe. At a critical period in the growth of freedom the Roman Empire maintained a climate in which the seeds of Greek thought were neither drowned nor withered. They grew and multiplied to such an extent that no period of drought or tempest could ever again effect their extinction.

The Roman Empire, however, was a system which sapped the foundations upon which it stood. Autocracy, in obedience to the law of its own nature, increasingly limited the function of political decision to the despot at its centre. The exercise of political thought and action was taken from the people at large and concentrated in him. In the end men only love that for which they are made to think and provide. The Roman Empire did not command the affection of its subjects because it did not require them to think for it. And so it fell, and with its fall the night of the dark ages closed on Europe, from which slowly emerged its several races in the more or less perfectly realised shape of national States, in which we see them to-day.

In contrast with the Roman Empire the merit of the national State consists in the fact that its cohesion depends

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less on obedience to a common authority than upon *esprit de corps*—or that kind of devotion which makes the State dearer to the citizen than he is to himself. Imperial Rome evoked no feeling comparable to the patriotism which vibrates through the histories of Shakespeare. Its annals contain no story resembling that of the Frenchwoman who, hearing that her husband had died of his wounds, raised his child with the cry, “Vive la France.” The love of men for each other, however narrow the scope and misguided the outlook, is yet the only foundation upon which organised society can rest secure. Much lath and plaster did duty for sound material till the fire passed over the fabric of civilisation. To-day, however unsightly the ruins, it is the gold and silver, the iron and stone, which stand out from the ashes of wood and straw. “The great illusion” that commercial profit is the mainspring of human action, that great idol of the market, has crackled and gone up in smoke. Courage and patriotism are no longer numbered amongst the obsolete virtues of a barbarous age. To-day some millions of graves attest them for what they are—the eternal principles whereby freedom and civilisation alone can endure. The national States which sprang from the ruins of the Roman Empire have bred in common men a courage that is superhuman and a self-devotion but little short of divine. They have levelled society by ennobling the people.

If those States succeeded where the Empire failed, they also failed where the Empire succeeded. No common authority existed to hold the nations in equilibrium. The weaker lay at the mercy of the stronger: a disproportionate growth of one was regarded as a menace to the freedom and even to the existence of the rest. This led to the doctrine of compensation which is now ingrained in diplomacy. Any extension by one state of its dominions was treated by others as an excuse for seizing some countervailing advantage. But of course the idea of creating or maintaining an approximate equality in the power of states

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was impossible from the outset. Hence the growth of one great Power led to a combination of others in self-defence. The first state, threatened in turn by such combination, would then seek to buttress itself in the same way, till Europe was marshalled into two armed camps.

From these two camps, England, entrenched in her island fortress, was disposed to remain aloof. But the narrowness of the moat which divided her from Europe compelled her to support the weaker side in diplomacy, and again and again to preserve the balance by engaging the stronger side in war. From the moment of her independence the American Republic endeavoured to treat the American continents as a world apart, as though she were unconcerned in the rise or fall of states in Europe. The present war was needed to show that the Atlantic is now narrower than the Straits of Dover before the days of steam, and that while despots rear their heads in Europe, freedom has no sanctuaries. America, as well as England, now sees that the world is one. Their isolation, which was never splendid, is now impossible.

There are certain features natural to the old system which deserve to be noted. A diplomacy whose principal motive lay in upsetting or maintaining a balance between two opposite groups, of necessity tended to intrigue. Its method was one which gave every possible scope to intriguers. The relations of states were normally discussed through a network of embassies on the basis of written messages and reports. The thing became a habit of the civilized world and the meetings of principals were the rarest of events. Now in all affairs the surest antidote of local intrigue is the intercourse of principals face to face.

The system was one which disposed nations to subordinate motives of justice or peace to those of mere self-preservation. From its nature it was fertile not only in intrigues but in wars. The balance of power has its roots in the assumption that a state which feels its superior strength will use it to threaten the existence and freedom

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of others weaker than itself. History has shown that this is often, though by no means always, true. Even civilized states differ, like the animals, not only in character but in the way they live, which reacts on character. Switzerland has never attempted a career of conquest. One can scarcely imagine republican France embarking on the kind of adventures into which she was led by the Bourbons and Napoleons. Had the British or American democracies desired to enslave the world, they had at their disposal resources greater than ever the squires of Prussia could command. Conversely, had the Houses of Hohenzollern or Hapsburg controlled the resources of the British Admiralty, freedom would now be hiding its head in the holes and corners of the world. To the end of time vines will continue to yield their grapes and briars their thorns.

II. THE FREEDOM OF THE SEAS

THE balance of power was a principle evolved in a society of national States, where each was at best thinking of self-preservation, or at worst of aggrandisement at the expense of its neighbours. While fostering the nationalism to be seen at its best in France, and at its worst in Germany, it did little to remind nations of a duty owed to the world at large. Yet in spite of it a sense of that duty has grown. Since the close of the Middle Ages British sea-power has been the dominant factor in maintaining the balance of power. England never forgot the lesson taught by the Spanish Armada. Her existence as an island State depended on her power to stop armies from crossing the seas to her shores. Her ability to pay for the necessary number of warships depended on her power to assert the right of her merchants to navigate and trade through the seven seas. By asserting that right, she maintained her power to do so, and then used it to support whichever combination of States on

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the continent was threatened with subjection by the others. But, in contrast with Spain, she never used her predominant fleets to monopolise the seas in peace. Her position imposed upon her an empire in the tropics, not in apparent harmony with her instincts and the spirit of her institutions. But in the nineteenth century she extended the freedom of the seas to these lands by opening them to the trade of all comers on equal terms with her own subjects. Till August, 1914, a German merchant might trade in Nigeria, Bombay, Calcutta, Singapore, and Hong-Kong on exactly the same footing as a British firm. And this freedom she maintained, though excluded from similar rights in the colonies of the most friendly Powers, like France and the United States. It is a fact sometimes forgotten that while all the ships of the world may land or load goods at Fiji or Hong-Kong, the whole traffic with the Philippines and Honolulu is confined to American ships. At the coaling stations held by Britain on the routes of the world, ships of all flags enjoyed the same privileges as her own. Even between British ports a foreign ship might ply on equal terms. She even recognised Russia's claim to treat sea-borne trade between her ports in Europe and those in the Pacific as intercoastal trade from which British ships were excluded. And yet Russian ships enjoying this monopoly enjoyed also the hospitality of British ports, without which they could not have made the voyage. If we should now return to pre-war practice, ships of the new United States fleet could compete with British ships in British waters, that is, they could take in cargo at Liverpool and deliver it at London, on equal terms with British ships, while no British ships could carry goods from one American port to another—not even from San Francisco to the Philippines.

In peace, the sea power of Britain, the condition not merely of her own existence, but of the world's freedom, was exercised as though she held it in trust for a world government. That in truth was the reason why she

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was suffered to hold it. Had she followed the exclusive policy of Spain or the Netherlands, slowly but surely forces would have gathered strong enough to destroy her. Nor did she avoid this blunder through foresight ; for the British mind is highly empirical, with little aptitude for long calculations. Her instinct for the open door was the scarcely conscious bent of her own institutions.

In one respect at any rate the sea power of Britain was used, against her own material interests, just as a world government might have used it. To the credit of Denmark, be it said, that little Power initiated the movement to forbid the slave trade. From the Congress of Vienna onwards the driving force behind it was furnished by England. But the immediate point is that the instrument by which alone the verdict of civilisation against the slave trade was enforced was the British Fleet. The slave trade is a notable case in which the States of the civilised world began to recognise and act upon some motive wider than mere self-preservation.

In all the records of German hypocrisy there is none more flagitious than the cry she raised in this war for the freedom of the seas. The destruction of Serbia was merely the occasion of the war ; the invasion of Belgium, the crippling of France and the subjection of Russia but its necessary means. The end for which she had plotted and planned, since William II came to the throne, was simply to make the will of her autocracy the law of the whole world. The freedom of men to live their own lives, to speak their own minds, and even to think their own thoughts was to vanish for ever. In the place of it they were all to accept Deutschtum at the mouth of Krupp guns and Kultur on the point of Prussian swords. And for this end she claimed and asserted the right to march across Belgium, to expel its Government and to torture and enslave its inhabitants. But she alone might march there. No neutral except by her leave might land goods on its coast

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or cross the live wires she stretched across its frontiers. As a gracious concession to America she was suffered to save the Belgians from starvation by sending in presents of food. And all this, without the shadow of a pretext against Belgium. That she did not exercise the same rights on Holland, Denmark and Switzerland was simply because it was not her interest at the moment to do so. In war Germany nakedly claimed the right not merely to go where she pleased in Europe, but also to forbid anyone else from going there—neutrals no less than belligerents.

To this predatory claim to deny all freedom by land wherever German soldiers could march, Britain opposed her power to deny Germany facilities to import by sea the material means of enslaving the world. While denying to neutrals the right to export any food or materials to Belgium, Serbia or the North of France, which were not sent as the gifts of charity, Germany demanded the right to import in neutral ships, without let or hindrance from the Allied fleets, every article of food or raw material which she did not recognise as contraband of war. She could not pretend that Britain was ignoring treaties, for happily the House of Lords had refused to ratify the Convention of London. We had always asserted our right to blockade, for we knew in our hearts that the list of contraband is purely fictitious. In a struggle like this all articles but those of the purest luxury are munitions of war. Food is more necessary to armies and the peoples behind them than rifles and shells. At the moment when Germany was asserting her claim to bar neutrals by brute force from landing or transporting goods across any part of Europe she chose to occupy, in the name of the freedom of the seas she championed their claims to bring Germany the food and materials she needed without let or hindrance from the Allied fleets. Had that claim been conceded, in all human likelihood Italy, France, Belgium, Serbia, Montenegro, Greece and ourselves would be where Germany, Austria, Bulgaria and Turkey now are. The

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freedom of the seas in war would have spelt the bondage of the world in peace.

Since the French Revolution the world's freedom has twice been threatened by a great military power on the continent of Europe. In both cases the attempt has been frustrated by the economic blockade maintained by the British Fleet. Had England shrunk from using this weapon she would have betrayed not only herself, but civilisation. To pledge herself now not to use it again would be an act of treachery even greater, a sin against the light of an experience too clear for all but the wilfully blind to misread.

The doctrine is now advanced that this power of economic pressure should be exercised in the name of the world at large, at the instance of some authority which, in default of a better name, is described as the League of Nations. Such a League would be formed with the express purpose of preventing any one State from dominating the others and destroying their freedom for its own ends. Assuming that the League was fulfilling that purpose, the British Commonwealth would have everything to gain by using its naval power as the agent of the League to check aggression. It would stand in a position incomparably stronger than when, with all Europe at Napoleon's feet, the British Navy alone prevented the extension of his military despotism to the other continents, or even than in the earlier years of this war. To issue such a mandate the League of Nations must develop some organ capable of pronouncing and, therefore, of forming decisions. It will consist of fallible human beings. How many there were who accepted Napoleon at his own valuation, as a champion of liberty, must never be forgotten. The self-revelation of his German imitators in the present war was needed to give the quietus to that fable. Napoleon and William II have taught the world how deftly wolves can assume sheepskins, how plentifully despots can throw dust in the eyes of those whose first thought is to localise the horrors of war. With a little more skill, Germany

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might have done this at Agadir. We know now how easily the Russian autocracy might have been bribed into standing aside. It would not have been difficult by some clever manœuvre to have put France in the wrong. And with France isolated it would not have been necessary to have invaded Belgium. By crushing France the first and decisive move in the game of dominating the world would have been won. In such a case nothing could have saved France but the intervention of British sea power. Let us hope and assume that the British people would have been true to their instincts, would have seen that the next castle to be taken was these islands, and that then the world's chess-board would lie at the disposal of Prussia. What then if a League of Nations, regarding the war as a local quarrel between Germany and France, and wishing to localise the struggle, had withheld the mandate to Britain? In such a case, should it ever arise, can Britain bind herself to stand aloof and watch, inactive, what she herself believes to be the first critical steps in a plan to checkmate civilisation? The answer is best given in the shortest sentence that English lips can frame—No. Her own existence and that of the world's freedom are inseparably connected. That position is not due to the virtues of living Englishmen. It is one in which history and geography have placed them. They are put in a post where more than their own lives and liberties are at stake. With that post falls the whole citadel in which the forces that make for human freedom are entrenched. To yield it without a blow is to yield that citadel: to covenant to yield it is to bargain a betrayal of the world in advance.

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III. THE LEAGUE OF NATIONS

BUT does this mean that the old position which arose in the Napoleonic wars, and again in 1914, must of necessity recur? To put the question in another way, does it mean that when peace returns the world must just go back to the old principle of the balance of power with its inevitable sequel of recurring wars? By no means—and if only because the war has brought into the field of world politics a new and all-powerful factor, which till 1917 stood outside it. That the balance of power has outlived its time by a century, and that the world has remained a prey to wars, was due to the unnatural alienation of the British and American Commonwealths. So far the position has been that Britain stood somewhat aloof from the struggles of Europe, knowing in her heart that she must at need stand ready to intervene, in order to redress the balance of power when threatened. Her power, as well as her will to step in, were somewhat in question. Doubts upon either point encouraged Germany to believe that she might, by cajolery or force, avert British intervention in her schemes of conquest until it would be useless.

As to America, it was not even a question of doubts. If five years ago a responsible American had foretold the present position, his friends would have summoned a mental specialist. Not Theodore Roosevelt himself would have thought that to-day, with two millions of men in Europe, an American President would be taking the lead in dethroning Emperors, in erecting Republics, and re-drawing the map of the world. The incredible has happened, and now it seems so obvious, that people are apt to assume that it could not have happened otherwise. America no longer stands, contrary to her old habit, clean outside the world-old struggle of freedom with despotism. The British and American Commonwealths are now together in that struggle,

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and will stand together by the law of their being, once for all. Their union with France, Italy and the smaller races of Europe struggling for liberty, deprives the balance of power of its meaning. The diplomacy of intrigue loses its purpose. The worst feature of that method was that it hid from the public at large the meaning and importance of international relations. It concealed not merely from the people, but even from the rulers of the United States, the currents which were drawing the nations to a Maelstrom. To-day the people and statesmen of Europe and America see things as they are. The door is now opened to the conduct of international affairs by frank conference instead of by intrigue.

How this may be will be clearer, if we picture to ourselves the proceedings by which the forthcoming peace will be framed. Round one table will gather, not the envoys of the great Powers with those of their allies, but members of their Governments, Prime Ministers, Secretaries of State for Foreign Affairs, or plenipotentiaries at least as fully accredited as Col. House. The agenda is practically outlined in the theses of President Wilson, which are therefore reprinted at the end of this article for the reader's convenience.

A League of Nations is freely mentioned in these theses. In some quarters the idea has been mooted that the assembled powers are first to constitute a League of Nations, and that the terms of peace are then to be settled by the organ of the League. In accordance with this conception the peace terms are to be formulated rather as the laws of a world State than as treaties between the belligerent States. If does not look as if President Wilson shared that view, for the formation of a League of Nations is the last of his fourteen points. It comes, so to speak, at the end of his agenda. Obviously the settlement of the peace terms must come first, and those terms must therefore be embodied in treaties or compacts between the assembled Powers. In no sense, therefore, is the conference

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a Parliament of Nations. It can decide nothing by dividing or taking votes. No majority can claim to bind a minority of voters. It can settle nothing except by agreement of all the parties concerned as to every detail at issue. It differs as widely from a parliament as does a conference of employers and labour delegates assembled to end a strike over complicated issues. It achieves nothing except in so far as it achieves unanimity. The same is true of a cabinet, and yet the conference is in no sense a cabinet or world government. For a cabinet secures unanimity by the process of expelling members who cannot agree with their colleagues and replacing them by others who are ready to do so.

With still unformulated ideas in the air, such as those indicated by a League of Nations, it is vital to avoid rhetoric and to call things by their right names.

The peace conference is a meeting similar in form to that which sat at Vienna in 1815. Its decisions will issue in treaties or compacts, which must be agreed in every item by all parties concerned. Such agreement is difficult indeed, and would be hopeless, if it were not that one party were able to enforce its will on the other. In the last analysis Germany, Austria, Bulgaria and Turkey must agree, or face a renewal of hostilities in which they are defenceless.

Even so, anyone who glances at the agenda may reasonably wonder whether the task is not beyond human powers. The agreements must cover the compensation which Germany will have to pay for the criminal destruction she has wrought by invasions, raids and submarine piracy. Most of the frontiers of Europe must be re-drawn. A whole family of new States must be called into being. Some provision must be made for their economic relations with each other ; for the hard fact will begin to emerge that the Austro-Hungarian Empire, like its Roman predecessor, provided for real needs, which must now be met in some other way. It did not survive so long merely to support Hapsburg pretensions. Provision must be made for peace,

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order and good government in all the derelict territories severed from Turkey, and in the colonies taken from Germany ; and some Power must be made responsible for each of them. Arrangements must be made for the reconstitution of order in the vast area covered by the Russian Empire, in Persia and in China : for the peace of the world will rest on foundations of sand so long as one-third of its population are devoid of any authority which deserves the name of a government. Provision must be made for the control of the Dardanelles and the Bosphorus. The whole body of conventions relating to maritime war, which Germany has torn to pieces, must be reconstructed in the light of altered conditions. All the thorny questions relating to restriction of armaments have to be faced. Arrangements must be made to perpetuate organisations devised during the war by the Allies for controlling currency, finance, shipping and the distribution of raw materials and food. The task of feeding the world is only just entering on its most critical phase, and the assembled Powers must provide for it. Perhaps the most formidable item of all is that presented by the third of Mr. Wilson's points—"The removal, so far as possible, of all economic barriers and the establishment of an equality of trade conditions among all the nations consenting to the peace."

This list of subjects upon which the assembled Powers have got to agree before peace is declared is by no means exhaustive. An agreement must and will be arrived at, and to that end Prime Ministers, Foreign Secretaries and plenipotentiaries will meet in one chamber, round one table. A settlement in all their details of the volumes of treaties which will be required would be out of the question on any other terms. Let the reader imagine what would happen if each Government sat in its own capital and attempted to settle this mass of business through the diplomatic machinery by which their relations are adjusted in normal times—that is to say, by despatches

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and telegrams sent through ambassadors. Consider the delays, the infinite scope for misunderstandings, and, worse still, for intrigue, in all the capitals of the world. It is safe to say that the peace would never be made under such conditions. The world might easily relapse into a new series of wars with new groupings of belligerent Powers.

It is surely worthy of notice that when Europe avoided war in 1905 it was by a conference at Algeciras. It was by the Conference of London that Grey ended the first Balkan War. When the Czar was anxious to prevent the outbreak of the second Balkan War he attempted to arrange a conference. Austria, anxious to foment that war, frustrated his purpose. When Germany was set on war in July, 1914, she blocked Grey's attempt to revive this expedient. Why then should the letter or telegram, of all vehicles of intercourse the most fertile in misunderstanding, be regarded as the normal medium of diplomacy? Why this network of channels which afford the greatest possible scope for intrigue? In large, delicate and complicated affairs men of business rely first and foremost on the personal conference of principals. It is their normal and not their exceptional procedure. They reserve letters, so far as possible, for confirming and recording agreements first shaped in personal conference by word of mouth. Why then, in the much larger, more delicate and intricate affairs of States, is this practice the exception and not the rule?

The layman is disposed to think that a great and ancient profession must always have some real expert reason for clinging to one practice and avoiding another. It is difficult, however, to exaggerate the power which pure habit has in these matters. To take one simple and commonplace instance, it is but a few years ago since, in registering documents, books or any other matters requiring continuous record, bound volumes were used which had to be of vast size in order to leave the necessary space for future entries.

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Some nameless genius in America at length conceived that the same thing could be done in a much smaller space and with infinitely greater convenience by detached cards in a drawer. As everyone knows, the card and loose-leaf system has revolutionised business and administrative methods. And yet since the Middle Ages the human mind had been dominated by the notion of the book, by the idea that, because printed leaves are thus most conveniently disposed, so all records must be kept on papers fastened inseparably together at their edges. And so with diplomacy. Since the Middle Ages the public mind has been dominated by the idea that States must normally discuss their relations by letters and telegrams sent through embassies. As a rule, resort has only been had to a conference of principals either when war seemed imminent, or, as in the present case, when treaties have had to be framed embodying the decisions of war.

As between the nations of the British Commonwealth the diplomatic tradition had not the same hold. The heads of these nations have already adopted the method of conference ; meeting as often as possible to discuss and settle matters which had reached no settlement in correspondence. The period between the conferences has been shortened. At the outbreak of war exponents of the old tradition, with extraordinary blindness, tried, and at first were actually able, to suspend the conferences. But facts were too strong for them. In the face of all the tremendous difficulties raised by the war, annual conferences were found to be necessary. The British Commonwealth is a genuine League of Nations and a good deal more. It is a League and more than a League, a State and less than a State. It cannot remain what it is, and the world will be wise to consider the road by which it has reached its present position.

The peace conference will, as we have said, result in volumes of treaties. For generations to come these treaties will form the subject-matter of international

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relations. Questions will arise on a hundred different points of those treaties as to how they are to be interpreted and applied. Communications will begin to pass between one Foreign Office and another through the usual channels. That is inevitable. Personal conference must be supplemented by correspondence. But that correspondence, supplemented only by conferences held at rare intervals, when mere correspondence has led nations to the brink of war, should remain as the normal method of intercourse between one State and another is neither right nor yet inevitable. The obvious alternative is that the original conference should not dissolve, but, so far as the Great Powers are concerned, should only adjourn to some date within a year of its rising. Let the world look forward to an annual meeting of the Foreign Ministers themselves at some fixed centre, where a general secretariat with permanent offices can remain to collect and digest the business in readiness for the next meeting. Let such meetings become as essential a feature in the calendar as Christmas.

The proposal will not satisfy many of those who are looking for immediate birth of a full-fledged League of Nations. It is not intended to do so. One difficulty is that the League of Nations is as yet a mere aspiration, and no two people are agreed as to the practical means whereby that aspiration can be satisfied. There are men of authority who are writing or speaking as though the forthcoming peace conference would realise the dreams of poets and seers by creating a world-state before it rises. The United States and Japan, as well as the Powers of Europe, are all to submit themselves to a Government speaking and acting in the name of mankind. Such a Government the world will live to see. It is the only intelligible goal of practical politics. But the hour is not yet. Strangely enough, it is just the men who advocate this project now who are most ready to argue that the union of such kindred nations as the United Kingdom with

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the self-governing Dominions is contrary to all facts and reason.

The first task of the Conference is to settle the terms of peace ; its second to frame a League of Nations. But, as President Wilson has said, the League is " the indispensable instrumentality of the Conference." It may be assumed that by " instrumentality " he means an instrument to be fashioned by the Conference. How then can the terms of peace be framed unless those discussing the terms have in their minds some clear conception of what this instrument is to be ? The difficulty is a real one, and surely it would help if the Conference began by agreeing that, in default of some better proposal, principals, as fully accredited as themselves, should hereafter meet annually in a conference which should, so far as in it lies, discharge the functions of a League of Nations. This from the point of view of all parties is a gain. Exponents of the more ambitious projects can then feel that their proposals do not stand or fall merely by the success or failure of one conference in dealing with them. The proposal for an annual conference is obviously feasible. It bars nothing. It leaves the future open for everything. It ensures the discussion of, and facilitates the approach to, whatever closer organisation is possible. For the first time it ensures a regular and continuous discussion of international affairs and the principles at stake. It enables Foreign Ministers to get informed of each other's motives at first hand.

We can see what a difference it would have made if such an annual meeting, with America represented at the table by a Secretary of State, had taken place for the last thirty years. The Jameson Raid, the Kruger telegram, the German Navy Laws, the annexation of Bosnia and Herzegovina, the Tangier question and the Agadir incident, would all have been discussed. Those discussions would surely have done much to bring all parties, including Germany and Austria, to recognise the trend of their fatal ambitions. America herself might have recognised them,

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and have made such provision that the Germans might have realised the futility of the course upon which they were starting. It is scarcely too much to conjecture that the existence of such a conference for the last thirty years would have prevented the growth of the conditions out of which this war sprang. At least we can say that without such a body the nations of the world can only revert to the old principle of the balance of power with its necessary sequence of war. Any real departure from that crude principle means that in future questions at issue are to be settled, not with an eye to maintaining an equipoise of Powers ready to spring at each other's throats, but with an eye to the benefit of human society, in response to something we are learning to think of as the conscience of mankind. But the conception of a human conscience will neither grow nor become operative without some organ, however imperfect, to which men can look to declare its dictates. To declare dictates is one thing, to enforce them is another, and the one thing may precede the other. A new and all-important stage has been reached in the growth of morals the moment there exists some body, subject to whatever limitations, which can discuss and if possible decide questions at issue between States from the standard of public right and wrong.

IV. AMERICA'S PLACE IN WORLD GOVERNMENT

SIR WILFRID LAURIER was fond of insisting that the Imperial Conference was a conference of governments with governments. Such in fact the Peace Conference will be, and it will make all the difference to the work they do if the assembled governments conceive it, not as a meeting called together for a special purpose but rather as the first meeting of a body which is never to dissolve, but only to adjourn, and that for periods of less than a year. Let them

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think of it as a body to which they are going to give a permanent location, offices and staff.

It will help us to realise the importance of this conception if we take one item from the agenda and see how it might be handled by a Conference inspired with a sense of its own permanence. The item selected is the disposal of derelict territories severed from the German and Turkish Empires. The Conference has here to deal with a phase of the issue upon which all the great wars have been fought since Henry the Navigator converted the oceans from barriers into highways. By harnessing the wind and rendering ships independent of oars, he opened the world to Europe, and so raised two vast and closely related questions. How were the four continents to affect Europe? And how was Europe to affect the four continents?

In Europe was just beginning the struggle of the great continental despotisms with freedom incarnate in the British Commonwealth—an issue actually settled while the sheets of this article are going to press. (It is hard indeed to realise the full significance of the hours through which we are living.) By the opening of the seas, the mechanical genius of Europe got access to boundless supplies of raw material from the four continents. The issue depended upon whether the great autocracies could monopolise these countries and the wealth they yielded. Spain and France both failed in this project, and Germany has now failed to reverse the decision. The control of the four continents has fallen or is now falling to the free peoples of the world, and by that control the existence of freedom is secured, not only in Europe, but also in America and Australasia.

But what is the effect of this victory to be on Asia, Africa, and the scattered remnants of primitive society who inhabit a hundred Pacific isles? In the end the effect must be that they too will achieve the arts of governing themselves. But the question, how soon that end can be reached, depends upon a right understanding by the free nations who now control the world of the delicate and

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complex nature of the problem. Failure to grasp it will not only delay the achievement of the end, but may yet set the civilised world by the ears. Thucydides observed long ago that wars have great causes and little occasions. As he knew that the Peloponnesian War had causes deeper than the affair of Epidamnus, so he would have known that the present war had causes deeper than the murder of an archduke. He would not have imagined that wars could be prevented by arbitrating over their occasions. He would have seen that wars can be prevented only by statesmen who grasp and forestall their efficient causes. For human welfare, preventive medicine and public health are of immeasurably greater value than drugs or surgery. The pursuit of peace at any price is the certain road to war. The pursuit of freedom for its own sake is the sure road to a stable peace.

The crux of the problem lies in the fact that none of the territories outside Europe detached by this war from the German and Turkish Empires can in the near future provide peace, order, and good government for themselves. How to provide government for these territories is the most difficult of the questions which the Conference has to face. From a hundred lips and pens the answer will come that the solution lies in international control. The League of Nations will solve the problem. Some light may be thrown upon the subject by those who will recall the history of the United States. Broadly speaking, the Stamp Act and Tea Duties had their origin in the failure of the thirteen colonial governments to cope with the problem of their hinterland to the west. Those measures provoked a declaration by the colonies of their independence as thirteen States. To fight England they formed an Inter-State Congress, which was just able after eight years of war to expel the British ; but only by the incomparable genius of Washington and the blunders of the British command. In peace the Inter-State Congress, after eight years' practical experience of the necessities of government in war, fell

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down flat. It could not even raise the cash to pay the interest due to its bondholders. Washington, with the insight of genius, saw that the future of freedom in America depended upon the ability of the thirteen States to control the vacant territories between their Western frontiers and the Pacific. Experience had shown him that the Inter-State Congress could not control those territories until it was converted into a genuine government, and unless the thirteen States became the provinces of a single Commonwealth. Hamilton, his lieutenant, demonstrated by reasoning, which remains valid for all time, the two conditions which must be realised in order to convert the Inter-State Congress into a government capable of governing. In the first place, Congress must cease to derive its authority from the governments of the thirteen States, and must draw it directly from the people themselves.* It must be elected by the people of all the component States. In the second place, it must be able to tax the people and to collect its taxation from individuals. It could never be a government, in fact as well as in name, so long as its revenues had to be voted by each of the thirteen legislatures. The last hundred and thirty years have verified the reasoning of Hamilton and Washington. The first Congress was invaluable, but only as a scaffolding whereby the permanent structure could be built. Used to carry the load which only the pillars of a genuine government could bear, it fell in ruins, and had Americans realised nothing more permanent than the scaffolding of the first Congress, the fabric of free society in America would have perished in its fall.

In matters like this it is always safer to think in terms of concrete facts. Egypt is an example of the countries of the Near East for which there is at present no hope except in the guardianship of some civilised State. As powerful financial interests of Europe gained a footing in Egypt, her native despotism developed typical symptoms.

* Even the article in the Constitution whereby the State Assemblies were entitled to elect the senators has now been cancelled.

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Corruption, indebtedness, over-taxation, rapacity, torture and anarchy followed each other in turn. Less than forty years ago Egypt was one of the most miserable countries on earth. To-day she is one of the most prosperous, and is gradually contracting the habits of order from which progress towards self-government can begin. The marvellous transformation worked by Lord Cromer is well known. For the performance of that task, subject to definite treaties, England might well have been made responsible to an Inter-State Conference, had one existed. But what would Lord Cromer's position have been, had he been answerable to a Conference of Powers from whom he could obtain no authority or instructions except in so far as they were all unanimous. The results would have been paralysis to begin with, disaster in Egypt and, perhaps, in the end a conflict between the Powers themselves.

Let Americans apply the same reasoning to the problem of Mexico, which is at their doors. It is quite a possible arrangement that Washington should make itself responsible to a League of Nations for seeing that their citizens resident in Mexico are not robbed of their lawful property, massacred or roasted to death in tunnels ; for securing that Mexico is not debauched and exploited by foreign capitalists, and that some form of civilised government is maintained. But what hope for this country would there be if the United States were to relegate all her responsibilities in the matter to a League of Nations, and undertook to do nothing in Mexico to which all the Powers had not previously agreed ? Americans, who see that such a proposal is impossible from the outset, will hesitate before proposing that the maintenance of order in countries like Asia Minor, Palestine or Armenia should be made subject to such conditions.

All subsequent experience in wider fields has gone to confirm the conclusions drawn by Washington and Hamilton from the problem before them.

The Inter-State Conference of the world, of which the

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Peace Conference will constitute the first meeting, will be a scaffolding, and invaluable as such. But it will not constitute a world government; if the burden of a world government is placed upon it, it will fall with a crash, and the whole world will be involved in the disaster. Before it can become the government which the world needs, and be really capable of discharging the functions of government, it must consist of representatives sent to it, not by the governments of nations, but by their peoples. And those representatives must be able to impose and collect taxes by Acts which need no ratification by the governments and legislatures of existing nations. If and when those conditions are realised, the League of Nations will have developed the structure of a world government. Until it has done so, it remains a scaffolding, indispensable so long as it is treated merely as a series of platforms from which its artificers can raise walls of stone, which have their foundations in the bed-rock from which the stones are hewn. But plastered with phrases, and made to look like stone, that scaffolding is the greatest danger which can threaten mankind. To bring the fable to its application, if ever a League of Nations, clothed with the appearance, but not with the attributes, of a government is used to administer vast territories which cannot as yet govern themselves, it will collapse. Those territories will be involved in its ruin, which will shatter the fabric of civilised society.

Let us now consider what attitude at the Conference a British representative who held these views might assume. He might begin by taking a leaf out of President Wilson's book—by enunciating certain principles, on the general acceptance of which the British position in respect of derelict territories would depend. They might be as follows:—

1. That the maintenance of peace, order, and good government in these territories must be guaranteed.
2. That where their inhabitants are not as yet able to

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furnish this guarantee, some democratic Power shall be made responsible for creating and maintaining peace, order, and good government for their territory, subject to conditions laid down in treaties, for the observance of which the guardian State shall be held responsible to the League of Nations.

3. That such treaties shall include covenants binding the guardian State :

- (a) To maintain equality of opportunity to the traders of all nations ;
- (b) To prohibit forced labour in any shape or form ;
- (c) To prohibit the liquor traffic ; *
- (d) To abstain from organising native troops except for the purpose of guarding or policing their own territory.
- (e) To direct its policy towards fitting the people to govern themselves.

To appreciate the meaning of the changes involved by the acceptance of these theses, it is interesting to recall the origin and history of the Congo Free State. By a conference of the Great Powers at Berlin in 1885 these vast territories were constituted as a new and independent State, and its perpetual neutrality was guaranteed. No existing State, not even Belgium, was made responsible for its administration. Its government was entrusted to Leopold II., but not in his capacity as King of the Belgians. In the fundamental treaties he was bound to keep the open door for all nations, and also to suppress slavery in any form. The Conference then dispersed in a cloud of rhetoric ; and the tragedy began. Leopold "banged, bolted, and barred" the door against all but his own traders, and under his rule some of the worst features of slavery were developed. The scandal grew ; but who was to declare judgment of the facts ? There was no authority to decide whether the treaties had been violated or not. At length England, herself under grave suspicion of scheming to filch the Congo,

* For a note on the subject of the African liquor trade, see Appendix III. to this article.

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was driven to institute an enquiry of her own. In the end some remedy for the atrocities was found by making Belgium herself responsible for reforms.

Let us now imagine that, under the new proposals, Belgium were made responsible for German East Africa. This example is the more convenient, as it is purely imaginary : for Belgium is not in the least likely to assume this particular duty. But suppose she did, and the charge were brought that British, French, or German traders were being excluded, that, in some disguise, forced labour had been introduced, that the natives were being demoralised by liquor, or that hordes of black troops were being organised for some ulterior purpose. There would now be a real body, the Inter-State Conference with its annual meeting, to which the Belgian Government would be held responsible. In other words, Belgium would stand to be charged in that body by any of the Powers with violating her trust. Charges could be laid and an enquiry demanded ; for in such disputes the first condition of their settlement is to get at the facts.

It is here that the difficulties of the Conference would begin. To institute an enquiry in the hands of impartial neutrals an agreement amongst the great Powers would be needed. Such agreements are seldom easy, but never less difficult than when a mere enquiry is demanded. Here, if anywhere, we might look for agreement, if a *prima facie* case were really made out. And a court of enquiry authorised by agreement of all the Powers would have far more weight than one instituted by a single Power itself suspected of ulterior motives. If its verdict showed that the treaties were in fact being violated, it would almost certainly have such an effect in Belgium itself that public opinion there would oblige the Government to right the wrong.

For the sake of the argument, however, let us make the extreme and most unlikely supposition that Belgium would play the part of Turkey, and defy or evade the verdict of

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the court. Her trust would thus be invalidated, and the Inter-State Conference would then have to consider how to eject Belgium from the position of guardian State in the territories now known as German East Africa. The League of Nations would now be put to a much harder test. If the leading Powers agreed on a successor no difficulty would arise. Belgium would have to go, and the successor would enter. But if the leading Powers failed to agree, the world would find itself face to face with one of those positions necessary to teach it that the risk of war will never be exorcised until the world has developed a world government competent to govern. Men will be brought face to face with the hard lesson which in the end they will have to learn. Their only text-book is experience. The best that statesmen can do is to put the book before them and to help them to read it.

In the light of these principles let us now consider in detail the disposal of the derelict territories. They do not, of course, apply to Alsace Lorraine or to Italian territories reclaimed from Austria, which must be incorporated in the national fabrics of France and Italy. Nor do they apply to German South-West Africa. There Germany established a peace by creating a solitude. The climate of this vacant territory admits of white colonisation. From its situation it must form an integral part of the South African Union, by whose forces, commanded by General Botha, the Prime Minister of the Union, it was taken from Germany.

Let us turn now to the German colonies in the South Pacific, and consider what principle is to govern their disposal. They cannot be treated on the old principle, as estates to be taken by the strongest claimant. This war will not have been fought in vain if the Peace Conference once for all discards that idea in terms. The destiny of these islands must be determined primarily in the interests of the world at large, and otherwise in the interests of their own inhabitants. The claims of any specific Power to their guardianship should only be considered if it can be shown

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that those claims are in harmony with the world's interest and with that of the islanders.

Now is it in the world's interest that the independence once enjoyed by these islanders should now be restored to them? The answer can be given without hesitation that it is certainly not in their own interest. These islands are the home of primitive barbarism with its typical features of slavery, head-hunting and cannibalism—a barbarism which left to itself is without hope of redemption. But apart from this, the only way to preserve their independence is to exclude them from all contact with the world without. The fleets of some Power must patrol these seas and prevent the traders of any civilised country from landing on their shores. Otherwise, their people will be at the mercy of any adventurer who comes to exploit them with guns and liquor; with all the power without the ethics of civilisation behind him. The shameful record of these things in New Zealand and the New Hebrides has been written by Maning and Paton for anyone who cares to read them. Unless civilised races are willing to spend large sums on patrols for preventing trade with these islands and cutting them off from the world, their independence is a pure figment. We know that their trade will not be cut off. Traders will not be excluded and, if admitted, the only chance of these people from escaping worse horrors than their own barbarism would produce for itself is for some civilised Power to control their relations with the traders, which means governing the islands.

The Peace Conference cannot escape this dilemma. In their own interests, as well as that of the world at large, it must commission some Power competent to govern these islands subject to treaties, for the observance of which that Power must be held responsible to the League of Nations. It needs but a glance at the map to show that the only Power situated to do this is the British Commonwealth, at any rate, so far as the islands south of the line are concerned. Let us recognise at once that the burden borne

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by the British Commonwealth is now overwhelming. It is answerable for the government of 373,000,000, or nearly one-third of the races who cannot as yet govern themselves. A fraction of this burden rests on South Africa, the merest atoms on Canada, Australia and New Zealand. The rest lies with crushing weight on the 45,000,000 of the British Isles. That it is not shared by the 100,000,000 who inhabit the United States is the tragic result of the schism of 1775. Had the British Commonwealth not been disrupted, the vast administrative resources of the most vigorous people in the world would have been used in the discharge of this, the greatest of all human functions. As it is, the brain-power and energy by which these vast multitudes are controlled has all to be drained from the British Isles, to the great detriment of its own internal efficiency. And these Islands have now lost at least a million of their most promising youth. It is not in her own interest, at any rate, for England to assume, as a result of this war, additional burdens which any other Power is equally capable of discharging. In its own interest, if not in the world's, the British Commonwealth should restrict its claims to territories, control of which is essential to the safety of others for which it is already responsible.

Let us now turn to the West Coast of Africa, and assume that either France or England must be made responsible to the League of Nations for the German colonies there, subject to treaties binding them to maintain the open door, to exclude forced labour and liquor, to raise no native troops other than those required for local defence and police, and to begin training the natives in the difficult art of governing themselves. Bordered by French and British territory is one for which America has contracted a special responsibility. Liberia was founded in 1822 by American slave-owners as a dumping ground for emancipated negroes whose influence on the slaves they feared. In 1847 the colonists declared their country to be "an independent republic," and were presently recognised as such by the

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great Powers. But experience was to prove that, under the thinnest veneer of civilisation, American citizens had all unwittingly inaugurated what is, in reality, the worst tyranny under which any section of the African people labour to-day. Some light is thrown on the subject by the following note :

The Republic of Liberia is a Negro Republic and represents one of the most deplorable experiments in a purely African Government. Founded in 1822 by Americans as a practical expression of the "Back to Africa" policy, it has been a complete failure.

The area of Liberia is about 40,000 square miles. The indigenous population is about 2,000,000 and the negro American population about 10,000.

The Government of Liberia is exclusively in the hands of the American Negroes. It is inefficient and lethargic. As a Government it has done hardly anything for the education of the people or the opening up of the country.

From the foundation of the Republic, America has acted as a friendly advisor and for the first few years assistance rendered to Liberia was considerable, but in 1847 Liberia was declared an independent Republic and American interest largely evaporated.

The ever increasing financial difficulties in which Liberia has become involved led to the appointment by President Roosevelt in 1909 of a Commission to investigate the condition of the country. Its report resulted in definite action in 1910, when a scheme was agreed to by the United States, Great Britain, France and Germany whereby the loan of \$1,700,000 was made to the Republic with the appointment of controllers of the Customs as representatives of the Powers, of which the American Controller is Chief.

Since 1910 America has officially taken an increasing interest in Liberia by the appointment of agricultural experts and certain units from the Forces. Already American officers with Liberian troops have been in conflict on more than one occasion with the tribes.

The relations between Liberians and the indigenous peoples do not improve. Every time the Negro Government attempts to extend its taxation activities, local tribes who derive no benefit from the Government offer violent opposition.

The attitude of the tribes towards the Negro Government is general, but it finds its most vigorous expression amongst the Kroo Tribes. The Kroo or Coast Tribes have for generations manned the ships of all countries trading down the West Coast of Africa. Being a sea-faring people they are hardy and courageous; this,

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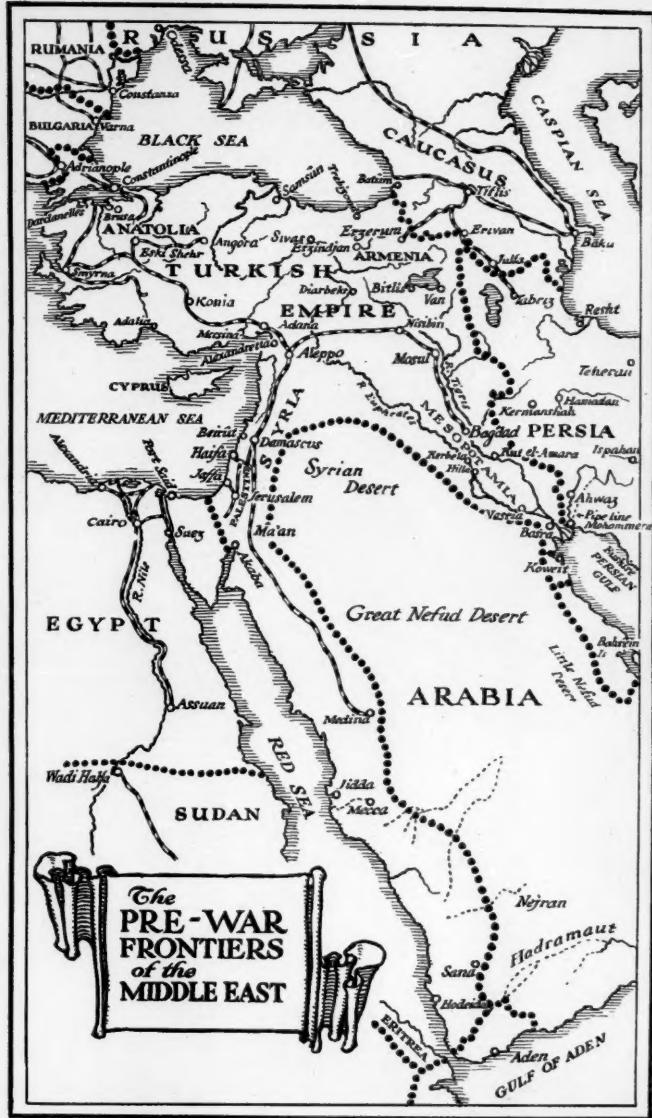
coupled with discipline and European instruction, makes them feel that they are "more than a match" for the American Negro, whom they hold in the utmost contempt.

One of the latest collisions between the Kroo Tribes and the American Negroes occurred in 1916. Information was received from an official quarter in a foreign government that the Monrovia administration had attacked the Cess Tribes and that with the help of an American Force they had obtained the surrender of sixty-seven Chiefs upon (it was alleged) a promise of safe conduct to and back from Monrovia, and that, with its usual lack of honour, the Government proposed hanging the sixty-seven. As a result of communications with the British Foreign Office and the intervention of Viscount (then Sir) Edward Grey, representations reached Monrovia in time to save forty of the Chiefs from being hanged.

An example of the inefficiency of the Monrovia administration is the case of two men named Lomax and Cooper. The British and French Governments, who were acquainted with the facts, regarded them as guilty of the gravest excesses. They were ultimately brought to trial on a capital charge at the Supreme Court of Monrovia, with the anticipated result that they were both acquitted! It is probably not too much to say that Liberia is to-day the most misgoverned area in the African Continent, and the Peace Conference will fail Africa unless something is done to rescue this territory from the uncontrolled power of the Monrovians.

In a country like this bankruptcy is a sign that the materials for self-government do not exist, and a policy of loans is like trying to quench fire with oil. Surely it is time that this demoralising policy should cease, and some civilised Power should be made responsible to the League of Nations for abolishing the corruption, disorder and tyranny of which bankruptcy is the natural fruit. And if so, can America evade her responsibility for undertaking this charge?

And, indeed, the time has come for America to consider this whole matter on grounds wider than those created by her citizens in founding Liberia. The lesson of facts is nowhere more clearly written than in the experiment which she has made there. In tropical Africa, as in the Pacific, the only hope of these races who cannot as yet



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govern themselves of ever learning to do so is in tutelage by some great democratic civilised nation. Once for all the League of Nations will render obsolete the old pernicious idea of empire, rightly abhorrent to American tradition. The duty of external government can now once for all be placed on its right footing of trusteeship to society at large, if at this juncture the greatest and wealthiest of all democratic nations will not shrink from assuming her share. Is it too much to ask that in this crisis of human destiny America shall forget to think of herself, and think rather of those infinitely wider interests, to vindicate which she has sent two million Americans to Europe, and in doing so has saved freedom for mankind ? Having put her hand to the plough, can she look back ? Can she now shrink from the dignity of her calling ? Can she now go back to the plea that American interests are the dominating principle of her policy ? Can her spokesmen submit that plea to the Conference ? And if not, if the welfare of the world at large be now and henceforth freely accepted as the polestar of her policy, what infinite consequences follow ?

There are no problems more calculated to provoke jealousies in peace between allies who have held together in war than those presented by German East Africa and by all the territories of the Middle East bounded by the frontier of Turkey in Europe, the Eastern frontiers of Egypt and Persia, by the Caucasus and the seas which connect these lines. Let us say at once that in these regions there are engagements with France and Italy which must in any case be observed. Pledges are pledges, however made, and it is not in the world's interest to break them. It is at least possible, however, that France might prefer to exchange the responsibilities to which she aspired in the Levant for others in respect of the German colonies of West Africa. All things are possible if the French and British as well as the American people can rise to the spirit of these times. There is no self-denying ordinance which

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England might not be prepared to make if France would consent to maintain the open door in all her African territories. If America can discard her old traditional aloofness, it is surely not too much to ask that her allies should forget their old rivalries and claims. The interest of the world is the only platform wide enough to hold them all. If once the problem is really considered on that plane, it will come to be seen how largely it is solved if once America will make herself answerable to a League of Nations for peace, order, and good government in some or all of the regions of the Middle East. Her very detachment renders her an ideal custodian of the Dardanelles. For exactly similar reasons her task in preserving the autonomy of Armenia, Arabia, and Persia will be easier than if it were to rest in our hands. Her vast Jewish population pre-eminently fits her to protect Palestine. Her position between India and Europe removes all our objections to the railway development which these regions require. The task is one which she understands better than ourselves, and her knowledge of irrigation is second only to our own. Above all, she has the capital for these works, while we, with less than half her population, will be hard put to it to find enough for the vast territories we already control. Nor can America plead that she lacks knowledge. As a matter of fact, Roberts College and the American Missions in the Near East have given her a preponderant share, if not the monopoly, of public-spirited men with a first-hand knowledge of those regions.

Last, but not least, is the most baffling of all the questions which this war leaves in its train—the restoration of Russia. America is morally pledged to put her hand to the task of regenerating that unhappy people. The key to this problem lies not in Siberia but in Russia itself. If once America shoulders the task of creating order in the Middle East, she will buttress Russia from the South ; for order, no less than anarchy, is infectious. As steward of the Near East, America can extend to the blind giant

Conclusions

the neighbourly hand of a friendship which is open to no suspicion.

"Man is born to freedom, but is everywhere in chains." But the chains are of his own forging, and wrought from the stuff of his own soul. If those who outlive this war can once liberate their minds from unworthy jealousies and out-worn traditions, there is no limit to the happiness which the sufferings of this time shall yield—to the harvest of freedom ready to spring from its countless graves.

Conclusions

It is time to summarise the conclusions of the previous pages. The Peace Conference at its first session cannot hope to produce a written constitution for the globe, or a genuine government of mankind. What it can do is to establish a permanent annual conference between foreign ministers themselves, with a permanent secretariat, in which, as at the Peace Conference itself, all questions at issue between States can be discussed and, if possible, settled by agreement. Such a conference cannot itself govern the world, still less those portions of mankind who cannot as yet govern themselves. But it can act as a symbol and organ of the human conscience, however imperfect, to which real Governments of existing States can be made answerable for facts which concern the world at large. To such a body civilised States can be made answerable for the tutelage of regions assigned to their care by the Peace Conference because their inhabitants cannot as yet maintain order for themselves. On the maintenance of order in such regions depends, not merely their own prospects of freedom, but also the future peace of the world. With such responsibilities the British Isles are already too heavily charged. The allies in Europe ought not be made answerable to a League of Nations for the whole of the regions outside Europe now severed from the German and Turkish

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Empires. The future of the system depends upon whether America will now assume her fair share of the burden, especially in the Near East and even in German East Africa.

V. THE REDEMPTION OF GERMANY

THE Peace Conference may, if it so chooses, be itself the beginning of a League of Nations. From the nature of the case its first act must be to sit in judgment and pass execution on Germany and her four accomplices—Austria, Hungary, Bulgaria, and Turkey. The offence of the principal delinquent is without measure. In the primitive custom of the German tribes there existed, as Tacitus shows, the seed of free institutions. It was Germany who gave printing to the world. Luther nailed to a German door the first charter of religious freedom. The finest fruits of philosophy were hers. The well-spring of knowledge was in German soil, and to noble thought she added deeds, no less noble, in the cause of freedom. It was Germans who struck blows in Europe which wrought the downfall of Napoleon's Empire. In the nineteenth century they grasped some of the truths which Washington and Hamilton taught. United Germany found the strength in which alone freedom can live, and then turned that strength to its destruction. They took for their example the despot from whom their valour had done so much to redeem mankind. They made him a prophet, became his disciples, developed his teaching and perfected his methods. They accepted William II. as his spiritual heir. They turned their backs on civilisation, and reverted to the creeds of Assyria and Babylon, of Attila and Genghis. In sheer ferocity they surpassed the methods of Tartar conquerors. They who had caught the music of the spheres sowed discord in every land. The light was theirs, and they sinned against it: no one class,

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but the nation itself was involved in the sin. There were Socialists who licked their lips over Brest-Litovsk. All but a mere remnant, and those largely in prison or exile, accepted and justified the creed of despotism, so long as it promised them the mastery of the world. The German people consented to be slaves in their own house at the price of enslaving mankind. They offered their own souls in exchange for the world. Earth could behold but one sight more piteous than Germany as she now is—the German soul as it had been, had she succeeded in her infamous design.

“ O Spartan dog
More fell than anguish, hunger or the sea !
Look to the tragic loading of this bed ;
This is thy work : the object poisons sight,
Let it be hid.”

If ever were a case of *corruptio optimi pessima* it is here. The task of the Allies is now to recover the soul of a nation that once was great. In the victories of freedom there is no room for revenge, as Lord Milner has greatly said. It finds no place in the law-courts of liberty. But a warning must be left to the world for all time, lest any hereafter be tempted to stray in paths which Germany has traced with blood. To her uttermost farthing she must pay for the damage she has done ; for her own sake rather than for that of her victims. She must know that to live by the sword is to perish by the sword, and that what men sow, that must they reap. In weariness, poverty, hunger, cold, and remorse a whole people must learn that lesson. Lenience can help those who have erred, knowing they err. Nothing but sternness can save those who have once made evil their good. Her case is that of the murderer, Count Guido, and the principles which govern it are those set forth in the awful judgment of Innocent II. All night the aged Pope, himself on the brink of the grave,

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examines the state of Guido's mind in the light of his history and his acts. At length, to those who have urged him to record a merciful sentence, he replies :

I will, Sirs ! but a voice other than yours
Quickens my spirit. "Quis pro Domino ?
"Who is upon the Lord's side ?" asked the Count.
I, who write—

"On receipt of this command,
Acquaint Count Guido and his fellows four
They die to-morrow ; could it be to-night,
The better, but the work to do takes time.
Set with all diligence a scaffold up,
Not in the customary place, by Bridge
Saint Angelo, where die the common sort ;
But since the man is noble, and his peers
By predilection haunt the People's square,
There let him be beheaded in the midst,
And his companions hanged on either side :
So shall the quality see, fear and learn.
All which work takes time : till to-morrow, then,
Let there be prayer incessant for the five !"

For the main criminal I have no hope
Except in such a suddenness of fate.
I stood at Naples once, a night so dark
I could have scarce conjectured there was earth
Anywhere, sea or sky or world at all :
But the night's black was burst through by a blaze—
Thunder struck blow on blow, earth groaned and bore,
Through her whole length of mountain visible :
There lay the city thick and plain with spires,
And, like a ghost disshrouded, white the sea.
So may the truth be flashed out by one blow,
And Guido see, one instant, and be saved.
Else I avert my face, nor follow him

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Into that sad obscure sequestered state
Where God unmakes but to remake the soul
He else made first in vain ; which must not be.
Enough, for I may die this very night :
And how should I dare die, this man let live ?

Carry this forthwith to the Governor !

* * * * *

The drumming guns have done their work. Only the bells ring out on the still autumn air, their message of peace and goodwill towards men. The sound recalls to memory a legend of how the soul of Judas Iscariot fled from the suicide's corpse through the void, and passed from abyss to abyss, till at last remorse yielded to grief. And behold a great light ! and the desolate ghost from the outer darkness looked in (for the windows of Heaven were open), and saw the Apostles, his brethren, standing about a table laid with bread and with wine, the body and blood of their Lord. Then came One, who took him by the hand, and drew him inside. "We have waited for thee," said the Master whom Judas Iscariot betrayed. "My guests could not sit down to my supper till thou wast here."

So, after many days, will the soul of Germany, purged and renewed, come back to the fellowship of civilised nations. They may taste the communion of freedom meanwhile. But they cannot sit down to the feast till Germany is there.

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APPENDICES

I. PRESIDENT WILSON'S PEACE PROGRAMME

THE speech by Mr. Wilson of January 8 referred to in the German Peace Note is that which embraces the 14 specific items of what Mr. Wilson calls "the programme of the world's peace." They are as follows :—

I. Open covenants of peace openly arrived at, after which there shall be no private international understandings of any kind, but diplomacy shall proceed always frankly and in the public view.

II. Absolute freedom of navigation upon the seas outside territorial waters, alike in peace and in war, except as the seas may be closed in whole or in part by international action for the enforcement of international covenants.

III. The removal, so far as possible, of all economic barriers and the establishment of an equality of trade conditions among all the nations consenting to the peace and associating themselves for its maintenance.

IV. Adequate guarantees given and taken that national armaments will be reduced to the lowest point consistent with domestic safety.

V. A free, open-minded, and absolutely impartial adjustment of all colonial claims based upon a strict observance of the principle that in determining all such questions of sovereignty the interests of the populations concerned must have equal weight with the equitable claims of the Government whose title is to be determined.

VI. The evacuation of all Russian territory, and such a settlement of all questions affecting Russia as will secure the best and freest co-operation of the other nations of the world in obtaining for her an unhampered and unembarrassed opportunity for the independent determination of her own political development and national policy, and assure her of a sincere welcome into the society of free nations under institutions of her own choosing ; and, more than a welcome, assistance also of every kind that she may need and may herself desire. The treatment accorded Russia by her sister nations in the months to come will be the acid test of their good will, of their comprehension of her needs as distinguished from their own interests, and of their intelligent and unselfish sympathy.

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VII. Belgium, the whole world will agree, must be evacuated and restored without any attempt to limit the sovereignty which she enjoys in common with all other free nations. No other single act will serve as this will serve to restore confidence among the nations in the laws which they have themselves set and determined for the government of their relations with one another. Without this healing act the whole structure and validity of international law is for ever impaired.

VIII. All French territory should be freed, and the invaded portions restored, and the wrong done to France by Prussia in 1871 in the matter of Alsace-Lorraine, which has unsettled the peace of the world for nearly 50 years, should be righted in order that peace may once more be made secure in the interest of all.

IX. A readjustment of the frontiers of Italy should be effected along clearly recognisable lines of nationality.

X. The peoples of Austria-Hungary, whose place among the nations we wish to see safeguarded and assured, should be accorded the freest opportunity of autonomous development.

XI. Roumania, Serbia, and Montenegro should be evacuated, occupied territories restored, Serbia accorded free and secure access to the sea, and the relations of the several Balkan States to one another determined by friendly counsel along historically established lines of allegiance and nationality, and international guarantees of the political and economic independence and territorial integrity of the several Balkan States should be entered into.

XII. The Turkish portions of the present Ottoman Empire should be assured a secure sovereignty, but the other nationalities which are now under Turkish rule should be assured an undoubted security of life and an absolutely unmolested opportunity of autonomous development and the Dardanelles should be permanently opened as a free passage to the ships and commerce of all nations under international guarantees.

XIII. An independent Polish State should be erected which should include the territories inhabited by indisputably Polish populations, which should be assured a free and secure access to the sea, and whose political and economic independence and territorial integrity should be guaranteed by international covenant.

XIV. A general association of nations must be formed under specific covenants for the purpose of affording mutual guarantees of political independence and territorial integrity to great and small States alike.

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II. PRESIDENT WILSON'S CONDITIONS FOR THE ESTABLISHMENT OF A LEAGUE OF NATIONS

IN his speech of September 27, Mr. Wilson said :

If it be, in deed and in truth, the common object of the Governments associated against Germany and of the nations whom they govern, as I believe it to be, to achieve by the coming settlements a secure and lasting peace, it will be necessary that all who sit down at the peace table shall come ready and willing to pay the price, the only price, that will procure it ; and ready and willing also to create in some virile fashion the only instrumentality by which it can be made certain that the agreements of the peace will be honoured and fulfilled.

That price is impartial justice in every item of the settlement, no matter whose interest is crossed ; and of not only impartial justice, but also the satisfaction of the several peoples whose fortunes are dealt with. That indispensable instrumentality is a League of Nations formed under covenants that will be ineffectual without such an instrumentality by which the peace of the world can be guaranteed. Peace will rest in part upon the word of outlaws, and only upon that word. For Germany will have to redeem her character not by what happens at the peace table but by what follows.

And as I see it, the constitution of that League of Nations and the clear definition of its objects must be a part, in a sense the most essential part, of the peace settlement itself. It cannot be formed now. If formed now it would be merely a new alliance confined to the nations associated against a common enemy. It is not likely that it could be formed after the settlement. It is necessary to guarantee the peace ; and the peace cannot be guaranteed as an afterthought. The reason, to speak in plain terms again, why it must be guaranteed is that there will be parties to the peace whose promises have proved untrustworthy, and means must be found in connection with the peace settlement itself to remove that source of insecurity. It would be folly to leave the guarantee to the subsequent voluntary action of the Governments we have seen destroy Russia and deceive Roumania.

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But these general terms do not disclose the whole matter. Some details are needed to make them sound less like a thesis and more like a practical programme. These, then, are some of the particulars, and I state them with the greater confidence because I can state them authoritatively as representing this Government's interpretation of its own duty with regard to peace :

First, the impartial justice meted out must involve no discrimination between those to whom we wish to be just, and those to whom we do not wish to be just. It must be a justice that plays no favourites and knows no standards but the equal rights of the several peoples concerned.

Second, no special or separate interest of any single nation or any group of nations can be made the basis of any part of the settlement which is not consistent with the common interest of all.

Third, there can be no leagues or alliances or special covenants and understandings within the general and common family of the League of Nations.

Fourth, and more specifically, there can be no special, selfish, economic combinations within the League, and no employment of any form of economic boycott or exclusion, except as the power of economic penalty, by exclusion from the markets of the world, may be vested in the League of Nations itself as a means of discipline and control.

Fifth, all international agreements and treaties of every kind must be made known in their entirety to the rest of the world.

III. THE SALE OF SPIRITUOUS LIQUORS TO NATIVE RACES

I. *The Effect on Natives.*

There exists considerable difference of opinion as to the comparative effect *to-day* of the consumption of spirits upon the whites and native races, but it seems generally agreed that the evil is increasing both in extent and in degree wherever spirits are supplied to natives in the tropics. In 1909 Lord Crewe appointed a Commission to investigate

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the question of drink in West Africa. The four Commissioners included Mr. Thomas Welsh, a well-known West African merchant of Liverpool, who refuses to sell spirits to natives in any of his stores. The report of this Commission drew attention to the curious divergence of opinion as to drunkenness and other evils arising out of the drink traffic. The Commissioners quote the Rev. A. Walden, an English missionary at Abeokuta, who admitted considerable drunkenness in Abeokuta, but said that the general sobriety of the people compared favourably with the inhabitants of English towns. A medical man, Dr. Adams, in the Brass region spoke strongly of the disease caused by drink. Another medical doctor in the same district, speaking from seven years' experience, disagreed absolutely with Dr. Adams on this point. Dr. Sapara, of Lagos, gave as his opinion that drink was an increasing evil. Dr. Randall, another well-known native medical man, gave exactly the opposite opinion. This conflict of testimony is a feature of other districts in Africa, but the general trend of testimony from tropical and semi-tropical regions is in the direction of emphasising consumption as a growing evil.

2. *Prohibition Areas.*

(1) Total prohibition to natives has been secured for many areas in Africa. These include Northern Nigeria, Belgian Congo, East Africa, German East Africa, Northern Rhodesia, Southern Rhodesia, *parts* of German South West, *parts* of Cameroons and the Gold Coast, and *parts* of Southern Nigeria. The boundaries of these areas, however, are in many cases quite arbitrary and to the native tribes almost imaginary. Thus it is exceedingly difficult to prevent smuggling across the ill-defined borders.

(2) In all these areas prohibition extends only to natives. White men, and in many places immigrant Portuguese and Africans, can obtain unlimited supplies of spirits.

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3. *The Policy of Duties.*

Coincident with the policy of prohibition there has also been the policy of heavy duties. Prior to the war they were as follows per Imperial gallon :—

	s. d.
(a) British Territories* 4s. 2d. to ..	6 3
(b) French Territories	7 3
(c) German Togoland	3 7½
(d) German Cameroons	13 9
(e) German South West	18 3

4. *Source of Supply.*

Prior to the outbreak of war, spirits imported into Africa were principally of Dutch and German origin. Very little was manufactured in England. The outbreak of war and the restricted manufacture in England led to an extraordinary American trade. In the year 1916 America shipped to British West Africa over 1,000,000 gallons of spirits. For the period of the war this has now been prohibited, and there is a Bill before Congress in America, introduced by Mr. Gillett, for making it an offence for any American to ship rum or other intoxicants to Africa after the war.

5. *Increase.*

The figures prior to war show a steady increase in importation, although it is probable that the more recent figures have, owing to shipping, fluctuated considerably.

* In 1916 British duties were increased to 5s. 6d. Gambia, 7s. 6d. other areas. The policy of control by duties was originally started with the laudable intention of restricting consumption, but in spite of heavy duties consumption increased. With this rise in consumption several rises in duties took place, the result of which was that administrators received large revenues the loss of which now constitutes one of the difficulties of prohibition.

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The difficulty which confronts most observers in West Africa is the reason for the increased importation. Sir Hugh Clifford, the Governor of the Gold Coast, appears to be of the opinion that the consumption *per capita* is decreasing. Others, again, assert that the natives are "banking" spirits. There is no doubt that until quite recently bottled gin was used as currency, and there is evidence that in some of the Hinterland Courts fines were paid in gin. (This practice would now appear to have been definitely stopped.)

6. *The Policy of Partial "Prohibition."*

Wherever prohibition exists to-day, it does so as a prohibition to natives only and not to white men. This erects a colour bar in the permission of an evil thing. The highly educated native may not consume spirits, but the low-class (and some are very low-class) whites and half-caste Portuguese are free to consume as much as they like. Thus the spectacle for the natives is frequently seen of white men hopelessly drunk in prohibited areas. Is it equitable, or is it sound policy to divide the races of any Dependency into whites and blacks, denying drink to black men and leaving white consumption of spirituous liquors uncontrolled?

It is probable that little can be done in self-governed territories. They must work out their own salvation, but it is remarkable that in a recent Commission in South Africa 15 out of 52 witnesses have declared that prohibition in the Transvaal, white and black, must be the objective of reform.

The question now arises whether the time has not arrived to demand total prohibition in all territories where there is no self-government, that is, in territories where the white races are solely responsible for the government of these countries. It would seem that in

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such areas the least the white man can do is to refrain from imposing one of the evils of civilisation upon the people until the time has come for them to decide of their own free will whether or not the sale of spirits shall be permitted in their countries.

THE END OF THE WAR

THE war has ended in the decisive and integral victory of the free peoples of the world—the only end which could be worthy of the ideals for which they have fought and could redeem the sacrifices they have made, the only end which could enable them to build a new and better order of civilisation on the ruins of the old. And now that it is finished, the British peoples instinctively and rightly are already turning their thoughts away from it to the great tasks of the immediate future—to the reconstruction, on the basis of justice and fellowship, not only of the international framework of the world but also of their own social and industrial life. The preceding article and those which follow deal with some of these problems of to-day and to-morrow ; it is the object of this article to look back for a moment to the events of yesterday and to describe as concisely as may be the main factors in the ending of the greatest of all wars.

It ended through the attainment of that which at its outset the Prime Minister defined as the purpose of the British Commonwealth. "The military domination of Prussia" has been "wholly and finally destroyed." Since the dawn of European history the life of the civilised world has been shaken from age to age by the outbreak into open warfare of the ceaseless and irreconcilable antagonism between tyranny and freedom ; and at the close of each successive contest the heart of mankind has been kindled and uplifted by the triumph of liberty. The overthrow of mighty military despotisms, the abasement of overweening

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national pride, the fall of all-powerful monarchs from their high estate—these are the great dramatic themes of history. Marathon, Salamis, the Spanish Armada, Trafalgar, Waterloo—these are the imperishable memories. And now to these is added the story of a struggle exceeding all its predecessors in the magnitude of its scope, in the terrible character of the fighting, in the loss of life and wealth involved, and exceeding them also in the dramatic force of its closing scene. There is no more striking case of historical nemesis than the fall of the Prussia-Germany which Bismarck made. In the spring its rulers seemed almost within grasp of a victory which would have riveted the domination of the Prussian system for an age to come on the necks not only of the German people but of all the peoples of continental Europe. In the autumn the Prussian system had ceased to exist, the whole fabric of the German Empire was dissolving into some new and wholly different form, and the last of the Hohenzollerns had lost his throne and fled.

I. THE FAILURE IN THE EAST

THE breakdown of the Prussian, like that of the Napoleonic, despotism may be said to have begun with the failure of its policy of conquest and aggrandisement in Eastern Europe. It will be remembered that the so-called Peace of Brest-Litovsk and the group of treaties which centred round it were designed to fashion from the Eastern border-lands a barrier against Russia—partly a strategic barrier in case Russia should once more become a great military power, partly (what was more imperatively needed at the moment) a political or social barrier against the westward flow of the Russian Revolution. And while the border-country was thus to bar the way against Russia, it was to open it for Germany. From this new jumping-off ground German economic exploitation

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and German political influence were to radiate eastwards. Above all a new channel for the *Drang nach Osten* was to be opened up across the Ukraine to the Black Sea and Armenia, to the Caucasus and Persia, to the Caspian and Turkestan, with the Persian Gulf, India, and China as its terminal points.

For the execution of this policy the German Government allied itself with two forces. It professed to foster the short-sighted and self-centred nationalism which aimed at the complete separation of the border-states from Russia rather than at their ultimate inclusion in a Russian federal commonwealth.* And it took under its protection the land-owning oligarchy whose very existence was threatened by the rising tide of revolution among the great mass of the peasant population. The results were everywhere disappointing. Only in Finland was there any measure of success and in Finland the task was easiest. The Finns had always retained an old State system of their own distinct from that of the Russian Empire ; and long before the war and the Revolution there had been a widespread separatist anti-Russian sentiment among them, strengthened and embittered by the faithless and oppressive policy of the Czarist régime. At the time, moreover, the strong Finnish bourgeoisie, supported by a considerable number of well-to-do peasants, were engaged in a ferocious civil war with the industrial and rural proletariat. Lastly, a reactionary and pro-German Government was in power. It was a relatively simple matter, therefore, for the Germans to obtain a foothold. German troops and guns were provided to assist the Finnish White Guards in the suppression of the Revolutionaries ; and, in payment as it were, a commercial treaty was concluded bringing Finland within the orbit of a new plan for an exclusively German control of Baltic trade. It only remained to forge a dynastic tie ; and the forces of reaction were strong enough to secure a

* A map showing the racial and national boundaries in Central Europe will be found facing page 64.

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majority in the Finnish Parliament in favour of instituting a monarchy and offering the crown to a German prince. Despite these successes the German Government was soon forced to recognise the limits of its power. German interference provoked an inevitable reaction. In progressive and especially in mercantile and seafaring circles the feeling gained ground that the friendship of the Entente Powers might well be preferable to the domination of Germany. Ambitious plans of territorial expansion in Russian Karelia and towards the Murman coast were presently abandoned. And as the military situation in the West began to turn more and more definitely against Germany, the prospect of a German King of Finland became less and less attractive. A significant report appeared in the middle of October that Prince Friedrich Karl of Hesse, to whom the Finnish Crown had been offered, was in no hurry to ascend the throne and had indeed no intention of so doing for at least two years ! It was, in fact, becoming every day more evident that Finland was not to be fitted so smoothly as the German politicians hoped last spring into the northern sector of a pro-German barrier against Russia.

Southwards the initiation of the barrier policy was from the first more difficult. In the former provinces of the Russian Empire which fringe the south coast of the Baltic, Germany could hope for no widespread sympathy for either side of her policy—for national separatism or for the counter-revolution. The question of nationality was submerged in the social question. The great mass of the population, the peasantry, were not so much concerned with independence from Russia as with independence from their landlords ; and since these were mainly of German stock their hatred of the landlords meant hatred of the Germans. Nothing in fact but the presence of German troops prevented the spread of a peasant revolt from Petrograd to the Prussian frontier ; and it will be recalled that the Treaty of Brest-Litovsk, while it did not separate

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Estonia and all Livonia as it separated Courland, Lithuania and part of Livonia from Russia, laid down that the non-separated districts should be "occupied by German police forces until political order has been re-established." The temporary character of the occupation was a concession to the moderate opinion in Germany which recognised that, as Treitschke himself had warned the German Empire forty years ago, the forcible separation of these provinces from Russia must prove in the long run a political blunder. And it was, of course, indisputable that—to quote the confession of a Baltic German—"the great majority of the Lett and Esth population does not want any connexion with Germany."* To the Prussian Junkers, on the other hand, the appeal of racial sentiment was stronger in these Baltic Provinces than in the more westerly districts : for the "Baltic Barons" are their nearest kin—an outpost of Prussian Junkertum thrown out long ago among the Slav "heathen." How could Hindenburg and his disciples deliver them up to the long-cherished hatred of the alien peasantry whose land they hold ? The Baltic Germans, on their side, reinforced by the Polish landowning nobility of Lattgalia with whom the desire to retain their lands was a far stronger motive than their antipathy to Germany, bombarded the Kaiser and his Government with appeals for annexation to the German Empire under the Prussian Crown. During the summer, despite the military failure in the West or perhaps because that failure meant that only in the East could Prussianism now hope to maintain its tradition of territorial aggrandisement, the counsels of moderation were abandoned. On August 27 Admiral von Hintze, the new German Foreign Secretary, and M. Joffe, the representative of the Russian Bolsheviks, signed a supplementary treaty to the Treaty of Brest-Litovsk, of which the seventh article ran as follows :—

Russia taking account of the position at present existing in Estonia and Livonia, renounces sovereignty over these regions,

* Hans Vorst in the *Berliner Tageblatt*.

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as well as all interference in their internal affairs. Their future fate shall be decided in agreement with their inhabitants. No obligations of any kind towards Russia shall accrue to Estonia and Livonia through their former union with Russia.

Article VIII provided for the passage of Russian goods through Estonia, Livonia, Courland and Lithuania free of transit-duties, and for free-port zones at Reval, Riga and Windau under Russian control. But these economic concessions did not palliate, they laid indeed a humiliating emphasis on the fact that Russia was now shut out from her traditional "window" on to Europe and that, save by the difficult route to far-off Murmansk, she could find no seaway to the western world except through the lost provinces or the Dardanelles, through lands and waters occupied by alien states. The pretence, moreover, that the external and internal affairs of Estonia and Livonia were to be decided by "agreement" between their inhabitants and the German Government was under the circumstances almost farcical; and a striking commentary was supplied by the proceedings of the Budget Committee of the Prussian Landtag (Lower House) who were touring these Baltic countries at the time the Supplementary Treaty was concluded and at whose official banquets toasts were drunk to "the speedy union of the Baltic lands with Prussia" and cheers were raised for Wilhelm II, "the future lord of the land." * It is just because no permanent settlement of those countries was possible under Prussian rule, direct or indirect, that the barrier-policy, here as elsewhere, was a failure. It could never have been maintained except in defiance of the passionate will of the vast majority of the peoples concerned. Force and only force could have preserved for Prussianism what it wrested by force from Russia in her agony and impotence.

Force, likewise, was soon shown to be the only means of maintaining a hold over the wide and vital sector of the barrier which lies between the Baltic country and the Black

* *Germania*, August 28.

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Sea. In the Ukraine as in its northern neighbours the dominant question is not national but social. Ukrainian nationalism is the product of the lower middle class and is largely artificial. It seeks to divide the Little Russians, under the somewhat fictitious title of Ukrainians, from Russia because Russia means the Russian Revolution. And in fostering this nationalism and setting up a puppet government under the control of their own military chiefs the Germans found themselves again in inexorable conflict with the mass of the population. The "German peace in the East" brought no peace to the Ukraine. The attempt to enforce the provisions of the Ukraine Treaty as to the surrender of corn to Germany and Austria provoked a widespread rising of the peasantry. The assassination on July 30 of the German military commander in the Ukraine, Field Marshal von Eichhorn, and of his adjutant, von Dressler, was by no means an isolated incident. For several months the country was aflame with guerilla warfare, dying down in some parts only to blaze up in others. Organised bands, well equipped with arms and munitions, patrolled the countryside, attacking and sometimes destroying isolated bodies of German or Austrian troops. Here and there landlords and officials and their military protectors were massacred by the local peasantry. "Everyone who returns from the Ukraine," confessed a Pan-German newspaper, "says that the country is like an oven. Everywhere are strikes, unrest, breaking of the Brest treaty and revolution."* Penal measures undertaken by the Ukrainian militia, which was organised by the Government with German assistance, seemed for a time to have succeeded in restoring order; but in September the interruption of traffic on the main railway between Lemburg and Odessa showed that the revolt had broken out again in the south.

As to Roumania, lastly, the southern terminal of the barrier line, it scarcely need be said that force alone

* *Tägliche Rundschau*, July 31.

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maintained the typically Prussian settlement which temporarily placed her people in political and economic subjection to Berlin. If in the days before the war they had regarded the Hapsburg Empire as the primary obstacle to the unity and independence of their nation and had hoped to live on friendly terms with Germany, the Treaty of Bucharest had shattered that illusion once for all.

From the Baltic to the Black Sea, therefore, the failure of the German policy was evident enough. Confronted by the bitter hostility of the peoples concerned, it could only have succeeded if the German armies, triumphant in the West, had been free to return to the East on the morrow of a "German peace" and initiate an era of ruthless military government. The situation in the East must, indeed, have been one of the chief reasons which finally decided the German High Command to stake everything on an offensive in the West; and the failure of that offensive and its consequences at once placed them in a disastrous dilemma. Every soldier that the Central Powers could command was then needed on their western or southern frontiers; but to withdraw or even to reduce their eastern garrisons was bound to precipitate a general peasant revolution in the Baltic Provinces and the Ukraine and a resumption of war with Roumania.

Nor were the prospects more favourable beyond the border-countries. From the time when the Peace of Brest-Litovsk was signed the tide began to turn against its authors. The rapid decline of German prestige, the stiffening of the Bolshevik military organisation, the occupation, on the other hand, of the Siberian railway by the Czecho-Slovak army, the landing of the Allies at Vladivostock and Archangel, and the opportunity thus provided for the rallying of the forces of order in Russia—all these developments left the rulers of Germany dependent again on a victory in the West as the only means of consolidating their position in the East. And, when this hope began to fail them, they hastened, while there was yet time, to

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commit one final act of spoliation. The Supplementary Treaty of August 27 not only wrested the Baltic Provinces from Russia but extorted also a large financial contribution. Appended to the Treaty was a German-Russian Financial Agreement of which the second article was as follows :—

Russia shall pay Germany a sum of Mk. 6 milliard (about £300 million at the pre-war value of the mark) as compensation for the loss to Germans caused by Russian measures, having regard to the corresponding Russian counter-claims, and taking into account the value of the stores seized by German military forces after the conclusion of peace.

Article III defined the manner in which this sum was to be paid. One quarter of it (Mk. 1,500,000,000) was to be paid in fine gold and rouble banknotes in instalments at fixed dates between September 10 and December 31, 1918. Of the remaining three quarters :

A sum of Mk. 1,000,000,000 shall be cancelled by delivery of Russian commodities in accordance with the special agreement to be made in regard thereto. The commodities are to be delivered to the value of Mk. 50,000,000 each time by November 15 and December 31, 1918, to the value of Mk. 150,000,000 each time by March 31, June 30, September 30, and December 31, 1919, and to the value of Mk. 300,000,000 by March 31, 1920. In so far as the deliveries cannot be effected within these periods, the amount lacking on each occasion shall be made up forthwith either in German Imperial banknotes at their face value or in fine gold and rouble notes in the proportion of three to two at the rate of exchange then obtaining.

An amount of Mk. 2,500,000,000 shall up to December 31, 1918, be met by handing over securities of a loan at 6 per cent. from January 1, 1919, with a sinking fund of $\frac{1}{2}$ per cent., which will be taken up in Germany by the Prussian Government to the nominal value of the sum mentioned, and the terms of which shall form an essential part of this agreement.

As security for the loan . . . specific national revenues shall be pledged, in particular the rental dues for certain economic concessions to be granted to Germans. The securities are to be settled in detail by a special agreement in such a form that the estimated income from them exceeds the yearly sum required for interest and sinking-fund by at least 20 per cent.

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With regard to the balance of Mk. 1,000,000,000, in so far as its payment is not, in agreement with Germany, taken over by the Ukraine and Finland in their financial agreement with Russia, a special agreement shall be concluded.

Thus coolly did the rulers of Germany carve their pound of flesh from the body of a stricken people and impose their mortgage on the hopes of its recovery ; so unrepentant only three months ago were the exponents of Prussianism, so scornful of the world's judgment before which, as President Wilson said in the sixth of his "fourteen points," "the treatment accorded to Russia by her sister nations will be the acid test . . . of their comprehension of her needs as distinguished from their own interests " ; so, careless, too of the memories that will be rooted in Russia's heart in days to come. Already, two months before the signing of this treaty, the assassination of the German Ambassador, Count von Mirbach, had brought home to every German mind the fact of Russia's hatred. Already in July the Moscow correspondent of the *Frankfurter Zeitung* was complaining of the insuperable breach between German officials or business men and the Russians at Moscow, "as though the one side spoke Chinese and the other Latin,"* while the *Leipziger Tageblatt* confessed that no stable relations with Russia were in sight.

On Russia's volcanic soil only one trait will for long persist—the natural hatred of the conquered for the conquerors. . . . As in the past, the German business man in Moscow will be like an exposed post in the battle-field and the palace of the Embassy a diplomatic trench.†

The effect of the Supplementary Treaty must have been to underline these truths : and the final act of Prussianism in Russia will be long remembered there, however fully or sincerely it may some day be repudiated by the German people.

* *Frankfurter Zeitung*, July 28.

† *Leipziger Tageblatt*, July 18.

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While the future outlook for Germany beyond the barrier was becoming more and more darkly clouded, she was confronted with a nearer and more immediate problem on its inner side. So long as Poland could be held securely within the iron girdle of the Austro-German armies, the Polish question was nothing more dangerous than an intricate and old-standing diplomatic *affaire*, and the destiny of the Polish people remained, as in the days of Metternich or Frederick the Great, a pawn in the game of *Realpolitik* at Vienna and Berlin. The course of German policy in Poland as elsewhere has always been governed by the factor of force. As Bismarck recognised, there could never be friendship between the Prussians and the Poles as long as the Polish districts of Prussia remained the symbol of their national disunion ; and that those districts could never willingly be surrendered was a permanent axiom of Prussian policy. Hence, when the defeat of Russia put the Central Powers in occupation of Poland, two courses were open to the German Government. The first course—to render the hostility of Poland innocuous by cutting down her territory and encircling her with a ring of States under German control—was favoured by the High Command ; and at the time of the military triumph in the winter Hindenburg's declarations in favour of "rectifications" of the eastern frontier of Prussia showed that this policy was then in the ascendant. But the frustration of its hopes in the barrier-zone forced the German Government to contemplate the other and opposite course—the expansion of Polish territory so as to bring non-Polish peoples, especially in White Russia, under Polish rule, and the consequent balancing of Polish hostility to Prussia by Russian hostility to Poland. Vienna, meanwhile, was pressing the so-called "Austrian solution." Austria had shared with Prussia and Russia in the notorious partitions of Poland, but unlike Prussia she had allowed a considerable measure of liberty to the Poles within her borders, and unlike Prussia was prepared to

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allow their union with Russian Poland, provided that the new kingdom became part of the Hapsburg Empire. Over these two conflicting policies the German and Austrian diplomatists wrangled throughout the summer, each party bidding for the support of the Polish politicians at Warsaw, who had been allowed to establish a provisional and strictly reactionary administration of their own. "The wishes of the Polish people regarding their future," confessed Count Burian in August, "must be considered, *within the limits essential to the interests of the Central Powers.*"* Those limits were still undefined, those divergent interests still unreconciled, when the disasters of the autumn broke down the whole network of Austro-German intrigue. The reunion of the Poles no longer depended on the wishes of Vienna and Berlin. The restitution not only of Austrian but even of Prussian Poland, it soon became apparent, was likely to result from the victory of the Allied democracies. The will of the Polish people, not the interests of alien autocracies, was henceforth to control the issue; and in October a national Polish Diet was convoked.

II. THE DÉBÂCLE IN THE SOUTH-EAST

YEET more striking than the failure of Prussianism in the East was its complete collapse in the South-East. In the Balkans and in Nearer Asia the German Government had built up for itself during the war a notoriously strong position. By the alliances with Turkey and Bulgaria and the occupation of Serbia, Montenegro and Albania it had created for the purposes of the war—and, as it hoped, for the purposes also of German aggrandisement after the war—practically a single political, strategic and economic system across Central Europe from Hamburg to Constantinople and beyond to Palestine and Mesopotamia. For maintaining the unity of this system the German

* Interview in the *Neue Freie Presse*, August 20.

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Government could rely upon the identity of political principles and methods between itself and the Governments of its allies. The Quadruple Alliance was a partnership in Prussianism. To each member a share was assigned of the conquests which were to result from their joint assault upon the world. Czar Ferdinand and his Prussianised ministers were to be paid for their services with a Greater Bulgaria dominating the Balkans as Prussia dominated Central Europe ; Enver Bey and his Prussianised Young Turk Committee with the recovery of Egypt and the furtherance of Pan-Turkish dreams in Asia. The rights of the other Balkan nations, the very existence of the subject peoples of the Turkish Empire, had of course no place in this complex of greed and tyranny. The whole system rested once more on force alone : the prime condition of its stability and success was the omnipresence of German troops—not only to assist the weaker partners to achieve their conquests but also to keep them in subjection to Berlin and, as Berlin willed it, in accord with one another. German soldiers were the rivets in the structure : remove them and it was bound to fall asunder.

It was already evident by the beginning of this year that German man-power could no longer fully meet the need. So far from conquering Egypt the Turks were hard pressed on the defensive in Palestine and Mesopotamia, while the Allies at Salonika and the Greek democracy, so finely captained and inspired by M. Venizelos, behind them still barred the way to a complete subjugation of the Balkans. The demands of the Western offensive still further weakened the German hold, and throughout the spring and summer the partnership was steadily breaking down. Berlin was no longer able to control the vassals she had schooled to Prussianism. The latent conflict of ambitions between Bulgaria and Turkey broke out into an open quarrel : and Turkey even dared to lay a claim to spoils which Germany had marked for her own.

The dispute between Bulgaria and Turkey may be

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summarised as follows. One of the promises by which Germany had induced the Bulgarian "imperialists" to join the Central Powers in 1915 was the "rectification" of the Turco-Bulgarian frontier as it had been fixed after Bulgaria's defeat in 1913. The frontier was to be advanced to the line of the River Maritza, thus giving Bulgaria, over and above her gains in Macedonia at the expense of Serbia, part of the city of Adrianople and the western districts of Thrace at the expense of Turkey. The Turkish Government reluctantly acquiesced in this agreement in the hope of setting off the loss by greater gains elsewhere; and when this hope began to fail them, they insisted that the agreement must be reconsidered. The crushing of Roumania gave them their opportunity. At the negotiations preceding the Treaty of Bucharest Turkey demanded that the whole of the Dobrudja, which was to be annexed from Roumania, should not be ceded to Bulgaria unless Bulgaria surrendered her claims in Thrace. Anxious, as will be seen, to keep Turkish ambitions within bounds elsewhere, the German Government seems to have accepted this demand in principle by providing in the Treaty of Bucharest that the northern Dobrudja should be retained under a condominium of the four Powers pending a final settlement. But such a settlement proved unattainable despite the persistent efforts of German and Austrian diplomacy. Bulgaria flatly repudiated the Turkish demand. The withholding of northern Dobrudja provoked bitter resentment. The traditional anti-Turkish sentiment was given free rein in the Press, and the feeling against Germany also for betraying and blackmailing her ally was so strong that it provoked a reaction against the most markedly pro-German party in the country and led to the fall of the Radoslavov Ministry. Tension was increased by the failure of Germany to reinforce the war-weary Bulgarian Army and by news of the German failure in the West. And together with this wave of anti-Turkish and anti-German feeling went a swelling current of pacifist and anti-monarchical agitation.

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Thus the ground was prepared for the strategic triumph of the Allies' attack to take its full effect. Only by force could Germany have saved the situation and force was unavailable. The capitulation of Bulgaria on September 29 destroyed at one stroke the German domination of the Balkans and broke the backbone of the Berlin-Bagdad system.

Meanwhile, with Turkey as with Bulgaria, German force was proving insufficient to keep in due subordination the appetites which German diplomacy had fostered.Flushed with their easy victory over Russia and determined to extract from it the maximum of gain for German *Realpolitik* in the East, the statesmen at Berlin forgot that honour can only be maintained among thieves if the profits of their trade are fairly divided. And compared with the position which Germany had won by the Peace of Brest-Litovsk—so much less securely than it seemed—the sop thrown to Turkey was by no means satisfying. By the fourth article of the Treaty the Bolsheviks undertook in the name of Russia to cede and evacuate the Trans-Caucasian districts of Kars, Ardahan and Batum, the destiny of which was to be “determined by their inhabitants in agreement with Turkey.” From the Turkish point of view the acquisition of these districts meant no more than a recovery of Turkish soil, a restoration of the frontier of the Empire as it stood in 1877. When therefore they reflected that Bagdad and Jerusalem were lost to them, when they found that the German troops promised for their recovery were not forthcoming, confronted also with Bulgarian claims in Thrace and with the arbitrary German seizure of the Russian Black Sea fleet, they decided that, whatever happened in their European or Arab provinces, they would strengthen their hold upon the Caucasus—a country not only rich in mineral wealth but the link between the Black Sea and the Caspian, the strategic key to the doors of the Middle East, and the bridge between the Turks of Anatolia and the Turks of Central Asia.

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In the weeks following the conclusion of the Treaty (March 2), therefore, the Turkish forces, pushing across Armenia with the usual accompaniment of systematic massacre, not only occupied Kars, Ardahan and Batum, but, on the plea of protecting their fellow Moslems from the violence of the Armenians in the Caucasus, advanced beyond the frontier fixed by the Brest Treaty. On May 22 they occupied Alexandropol and on May 26 they presented an ultimatum to the Trans-Caucasian Government (which



■ Turkish Annexations — Pre-war frontiers

had maintained its independence of the Bolshevik régime) demanding *inter alia* the cession of further districts in the provinces of Tiflis and Erivan—districts which, it may be noted, comprised Persian as well as Russian territory. The immediate result was the dissolution of the Trans-Caucasian Government, the constitution of three independent republics by the Georgians in the Tiflis district, by the Caucasian Tartars in Azerbaijan, and by the Armenians in Erivan, and the dispatch of a Georgian mission to Berlin to invoke the protection of Germany.

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The German Government made the most of a welcome opportunity. The independence of the Georgian Republic was recognised ; in other words, it became like the Ukraine, a German protectorate : and a vigorous attack on Turkish ambitions in that quarter was organised in the Press. "It cannot have been the intention of the Brest Treaty," wrote Georg Bernhard, "to permit everyone to cut as many slices from the Russian cake as he desires." * "Turkey's real interest," wrote Otto Hoetzch, "is the reconquest of Arabia, Mesopotamia, Syria and Palestine. Extensions of her influence in the North would bring her into conflict with Germany and Russia." † And on June 24, Herr von Kühlmann himself stated in the Reichstag that the Turkish Army had advanced into "territories which certainly could not under the terms of the Brest Treaty be subject to lasting occupation or annexation by Turkey." Finally, in the Supplementary Treaty of August 27, the recognition of the independence of Georgia was extorted from the Bolsheviks (Art. XIII.), and the interesting proviso was added that

Russia will do her utmost to further the production of crude oil and crude oil products in the Baku district, and will supply to Germany a quarter of the amount produced, or at least a number of tons, to be agreed upon later, per month. (Art. XIV.)

In taking this course German diplomacy was running directly counter to the designs of the allied Turkish Government. Indeed, at the date of Herr von Kühlmann's reassertion of the Brest Treaty frontier, the Turks had already concluded a treaty of their own with the three Republics, which ceded to them the districts in Tiflis and Erivan they had demanded in their earlier ultimatum. Force once again was the deciding factor ; and though German troops were in occupation of Tiflis in July, they were not sufficient to prevent the Turks from over-running

* *Vossische Zeitung*, June 3.
† *Kreuzzeitung*, June 5.

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Ervan and seizing Baku itself. A small British force, which had been rushed up through Persia in response to the appeal of the inhabitants, was compelled to withdraw. Such was the position when in the Caucasus as elsewhere the basis of German power was cut away by the defeats in the West and the defection of Bulgaria. The destruction of the Turkish army in Palestine and the rapid advance of General Allenby upon Aleppo made it possible that Turkey might at any moment follow Bulgaria's example. In a few weeks it had become altogether impracticable for the German Government to try to impose its will on its sometime vassal. It could only strive now, by making every concession in its power, to keep the Turks from surrendering to the Allies. But the inevitable end could not be long deferred. On October 30 the Turkish Government capitulated.

III. THE DISSOLUTION OF THE HAPSBURG EMPIRE

WHILE the "military domination" of Prussia in the Near East was thus crumbling to pieces, the old cracks were swiftly widening in the "ramshackle" structure of the Hapsburg Empire, the maintenance of which in dependence on Berlin was the original foundation of Prussian domination in the heart of Europe. And the reasons were the same. The Hapsburg Empire existed against the will of the majority of its subjects. It was only kept in being, therefore, by a policy of force, by sternly repressing the national aspirations of the Czecho-Slovaks, Jugo-Slavs, Roumanians and Italians and enforcing the racial ascendancy of the Germans and Magyars. Between this German-Magyar combination and one only of the other nationalities, the Poles of Galicia, was there no direct conflict in political rights or economic interests; and the Poles were themselves in conflict with the Ukrainians who divided with them the population of Galicia, but were

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excluded by them from any share in its administration. It was thus usually possible for the Germans and the Magyars to maintain a working alliance with the Poles by supporting their ascendancy over the Ukrainians.

Inevitably a state which was held together in so unnatural and inelastic a frame was the first of the chief belligerents to feel the strain of the war. From its outbreak the subject nationalities were in a condition of suppressed revolution. The efficiency of the army was crippled by their disaffection. It was only the presence of German troops and the prospect of German victory that protected the Empire from disruption whether by its external or its internal enemies. And when in the course of this year these safeguards began to fail, it could no longer avert or retard the fate which had so long and justly threatened it.

It might have been supposed that at the eleventh hour the Hapsburg *régime* could have saved itself by a drastic change of policy, by making peace with the Allies on the one hand in defiance of Germany and by reconstituting the Empire on the other hand in accordance with the claims of all its nationalities. But neither of these things was possible. To take the latter first, it was always impossible for the Hapsburg to satisfy the national claims of the majority of the peoples he has ruled, for three reasons. *First*, because the primary claim of any nationality is the claim for unity, and of all the nationalities of the Empire only the Magyars and the Czecho-Slovaks were wholly contained within it. The unity of the Jugoslavs, Roumanians, Poles, Ukrainians and Italians could only be attained by their adhesion to national states outside the frontiers of the Empire: its attainment, therefore, except possibly in the case of Poland (as explained above) would have automatically dissolved the Empire. *Secondly*, because such national unity as was possible within the Empire—namely, that of all the Czecho-Slovaks, and of the Slovenes, Croats and Serbs in

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Austria, Croatia-Slavonia, Dalmatia and the Banat—would have involved cessions of territory to autonomous national governments not only by Austria but by Hungary ; and these would never willingly have been made, nor could the Emperor have enforced them. The Magyars, indeed, as was proved in the event, would have cut themselves adrift from the Empire sooner than yield their dominion over the subject races of Hungary. *Thirdly*, the reconstitution of the Empire was impossible because it meant a social as well as a political and territorial change. Like the German ascendancy in the Baltic provinces, the Magyar ascendancy in Hungary, the Polish in East Galicia, and to some extent the German in the Czech and Slovène provinces of Austria, were based on the ownership of the land. Except the Czechs, the subject nations were all peasant nations with no aristocracy and hardly any middle classes of their own. The Czechs, during the last fifty years, had developed a rich and strong middle class, but with it a much stronger, well-educated, and radical-minded industrial proletariat. National unity and self-government meant, therefore, in each case a social revolution—the transference of power from the landed nobility and gentry to the peasantry or artisans who constituted the overwhelming majority of the populations concerned. It was this fact which finally bound up the fate of the Hapsburg Crown with the cause of German-Magyar ascendancy and made futile any intention of the Emperor's, however sincere it may have been, to make good the claims of nationality within his realm. For the Hapsburg could never have broken with the vested interests and all the forces of conservatism in Church and State : he could never have headed a revolution.

Equally impracticable was the other method of escaping the fate which the war had brought. The impossibility of concluding a separate peace, apart from the military problem of disentangling the Austro-Hungarian from the German armies, directly followed from the impossibility of reconstituting the Empire. For only on condition of

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such a reconstitution could the Allies have come to terms without repudiating the ideals for which they were fighting.

Thus the Hapsburg Empire stood self-condemned. Trapped in its own antiquated system of national and social tyranny, it could not, even to escape destruction, right the wrong of its being. Its crime, in Mazzini's phrase, was its existence. And when the current of revolution, once so hopefully set flowing in Mazzini's day and then dammed back for sixty years by the forces of reaction at Vienna, Berlin and Petrograd, broke out again, the Hohenzollern could not save the Hapsburg as the Romanov saved him in 1848. Throughout the summer the condition of the Empire became more and more desperate. Outside its frontiers, armies created from its Czecho-Slovak and Jugo-Slav subjects were fighting side by side with its enemies and were formally recognised by them as the forces of independent co-belligerent states. Inside, an ever-growing body of deserters organised itself in the forests and mountains. Armed bands of peasantry, driven to desperation by the lack of the first necessities of life, roamed the country and even held up the railway trains and seized the passengers' food and clothes. Austria, in fact, was in little better case than Russia: long ago bankrupt and driven now to huge issues of new paper-money, unable to organise the distribution even of the wholly inadequate food supplies it could command, its army steadily losing its *morale*, the Hapsburg Government could no longer govern. Political events at Vienna lost all practical importance. The quick changes of Austrian Ministers, the negotiations and the crises which attended their rise and fall, were but trivial incidents in a process which the official clique of courtiers, politicians, bankers and journalists was quite powerless to control. Meetings of the Reichsrat merely provided opportunities for the non-German nationalist parties to defy the Government to its face and to declare in the frankest terms their determination to disrupt the Hapsburg State.

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The disaster in the Balkans and the imminent return of the heroic Serbian army to the banks of the Danube after three years' sojourn in the wilderness precipitated the final climax. For the last time the Hapsburg tried as he had tried before to come to terms with his enemies without and within, only to find, as he had always found, that salvation was impossible by either road. In his note of October 18 President Wilson stated that he was no longer at liberty to accept any offers of "mere autonomy" on behalf of the Czecho-Slovaks or the Jugo-Slavs, and that those peoples themselves must judge "what action on the part of the Austro-Hungarian Government will satisfy their aspirations." And the Emperor's manifesto of October 16, declaring that "Austria will become a Federal State, in which each race within its national domain shall form its own national state," was a dead letter as soon as it was written. The Jugo-Slavs had already formed a separate National Council at Agram while their leaders had delivered their ultimatum in the Reichsrat itself, announcing that "the Croats, Serbs and Slovenes are a single indivisible people," that "no section of the Croato-Serbo-Slovene nation can be subjected to foreign domination," and that "the Jugo-Slavs must be allowed themselves to decide whether they wish to create their own independent State or to conclude an international union with any other State." On October 18 the Czecho-Slovak Provisional Government in Paris published a formal declaration of independence, and the Czecho-Slovak representatives in the Reichsrat forthwith left Vienna to form a constituent assembly at Prague. The Polish deputies likewise seceded to join the Polish Diet at Warsaw; and the Ukrainians, having formed their own national council in Galicia, assumed the government of the Ukrainian districts of the Empire.

Hungary, meanwhile, no less mixed in nationality than Austria, and far more oppressive in its government, was undergoing a similar process of disruption. The Magyars

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hoped at first to maintain the integrity of their country and their own ascendancy within it by assuming the disguise of an oppressed nationality which looked to the Entente Powers for its liberation. They declared the complete independence of the Hungarian State; and a pseudo-democratic government, constituted at Buda-Pesth under the leadership of one of the greatest Magyar magnates, Count Michael Karolyi, offered to the subject nationalities of Hungary a limited measure of national freedom such as had been conceded to the subject nationalities of Austria before the war. No one was deceived by these pretences, least of all the subject nationalities. Croatia declared its severance from Hungary and the Hapsburg Crown. The Slovaks sent their representatives to join the Czechs at Prague. In the Serbian and Roumanian districts national councils were established and appealed for aid to their countrymen beyond the frontier.

Thus when the victorious advance of the Italians and their Allies forced the Austro-Hungarian army to capitulate on November 3, the Empire in whose name they surrendered had already ceased to exist. As soon as the military power of the Prussian system was no longer strong enough to enforce its unity, that bundle of incompatibles, like a faggot when its binding is cut, had sprung asunder of its own accord.

IV. PRUSSIANISM AT BAY

THUS, one by one, the three allies of Germany, the three external instruments of Prussianism, collapsed and broke away because Germany no longer possessed sufficient force to protect them from their enemies or to keep them subject to herself. It remains to consider briefly and within the limits of the available evidence how the decline of German military power, which almost automatically involved the downfall of the outer structure

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of Prussian dominion, affected its centre—the German Government and the German people.

It will be remembered that the “German peace” in the East last winter was welcomed by the spokesmen of the ruling class as a great achievement of German arms and German policy, and that the bulk of the German people followed their lead. Similarly the people were behind the Government in the spring in the attempt to end the war by imposing a “German peace” also in the West. The control of policy by the military chiefs was no longer seriously disputed. The Reichstag willingly receded as before into the background. The famous Majority Resolution of 1917 was ridiculed and shelved. There was no longer any coherent Majority which was prepared to interfere in the conduct of the final and triumphant phase of the war. The Prussian system, in fact, was outwardly and for the moment as strong as it had ever been. For the mainspring of its power was success, and in the East (it was supposed) it had once more notably succeeded. And so, when the great offensive was launched, the German people prepared themselves to repeat the experience of 1871, to renew their allegiance to a system of government and a political creed which would once more have been justified by their fruits, and to drown the memory of the sacrifices and degradations and petty tyrannies inseparable from Prussian militarism in the strong wine of victory.

As the successive stages of the offensive developed, anxiety began to darken this first glowing confidence. It was not only the delay in breaking through the Franco-British armies and reaching Paris or the Channel ports that caused uneasiness, nor the toll of casualties, nor the gradual discovery that the American army, despite all official assurances to the contrary, was by no means a negligible factor in this year’s campaign; but also the news from the East and especially from the Ukraine, news which awakened a growing suspicion that the Peace of Brest-Litovsk was not after all an unequivocal success and that, in fact, the

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German hold on the East could hardly be maintained (as the German Government had already realised) without victory in the West. And then, suddenly, on July 18, the hope of victory in the West was destroyed ; and in its place, as the Allies' counter-offensive developed, came the fear of defeat, disaster, invasion.

It must quickly have been evident to the masters of the Prussian system that not only were the ambitions with which they went to war in 1914 now quite unrealisable, but that the very existence of the system was in peril. It had lived by success : it could scarcely survive failure, especially a failure so disastrous in its consequences as a complete and decisive military defeat in this war. They were face to face with the very dilemma they had created for themselves with such reckless arrogance in 1914. *Weltreich oder Niedergang*—having failed to conquer the world, could they indeed avert their downfall ? From the moment, therefore, that the tide turned against them, the one purpose of the Kaiser and his advisers, military and civil, was to stave off, if possible, the ultimate disaster ; to compromise, as it were, with their fate ; and, since complete success was no longer attainable, at least to avoid complete failure. To this end a rapid change of front was necessary. Their whole war policy, military and diplomatic, was shifted from the offensive to the defensive. If the generals could secure an orderly retreat and the diplomats could negotiate an "honourable" peace, then against the failure of the offensive might be set the success of the defensive, something that might almost be represented as a great defensive victory.

When, therefore, the retreat of the German armies became more and more irretrievable under the pressure of Marshal Foch's repeated blows, the new theory was expounded to the German people in a regular series of declarations by the military chiefs. They no longer spoke, as at the outset of the offensive, of imposing a "strong German peace" ; nor, as in the days of the "Kaiser battle," of an inexorable

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conflict between German and Anglo-Saxon principles in which the "victory of the German standpoint" must be won.* As early as the beginning of August, Ludendorff, in an address to a gathering of war correspondents, spoke no more of dictating peace. "We fight to destroy the enemy's will to war." A month later the Crown Prince informed the Hungarian newspaper, *Az Est*, that "the word victory must not be understood to mean that we want to annihilate the enemy, but only that we mean to hold our own and not let ourselves be vanquished." On September 7, General von Freytag-Loringhoven, Deputy Chief of the General Staff, elaborately explained the new theory of the war in a public lecture at Berlin. "What we have to do," he said, "is to push things so far that England and America recognise that we are not to be overcome in the defensive war which we are conducting." Meanwhile the Press was instructed to represent the retreat to the Hindenburg Line as a great strategic triumph. "Only Germans," said the *Deutsche Tageszeitung*, "would have dared to retreat."

During the same period, in alignment with the High Command, the civil Government was also changing its front. As at Great Headquarters, so in the Reichstag and on the platform the war had become a struggle of self-defence against the enemy's desire to "annihilate" the German people. The Pan-Germans, who had so noisily acclaimed the prospects of the great offensive, became unusually silent,† while the spokesmen of the Government once more confessed their readiness to negotiate a bargain-peace. On August 20, Dr. Solf, then Colonial Secretary, promised the independence of Belgium, but defended the Brest-Litovsk agreement as "a world-significant fact which can never again be erased from history." Three weeks later (September 12) Herr von Payer, Vice-Chancellor,

* The Kaiser, on June 15, the anniversary of his accession.

† Pan-German propaganda was still carried on in the schools. *Berliner Tageblatt*, August 27.

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restated this position but in less cautious and conciliatory language. His main thesis was that "a peace of understanding without annexation and without indemnity" would be a victory for Germany because she only was fighting in self-defence.

There will be no peace of conquest for our enemies who have made their aim the annihilation of ourselves and our allies and the destruction of our States. That will be a renunciation and a disappointment practically equivalent to a confession of defeat. Not so for Germany, whose Government has throughout the whole war remained true to the solemn Kaiser-word : "We are not driven by desire of conquest."

As to the conditions of the "peace of understanding," Herr von Payer proposed the following terms :

If conquests are excluded on both sides, then the necessary consequence is the restoration of the territorial status before the war. *It is everywhere possible forthwith, save only in our East. . . .* We will never allow anyone to interfere (in the agreements made between Germany and the border countries), just as little as we will submit our treaties concluded with the Ukraine, Russia and Roumania to the Entente for their gracious approval or alteration. In the East there is peace for us, whether our enemies like it or not.

On the other side of the bargain Herr von Payer repeated Dr. Solf's promise of Belgian independence, but modified it by the veiled implication that Belgium would come to an economic agreement with Germany and also deal with the Flemish question in accordance with German ideas. He declared, moreover, that Belgium's sufferings had not been undeserved. "It is a piece of hypocrisy to represent Belgium as a guiltless sacrifice to our policy. . . . The Belgian Government . . . took an active part in the policy of encirclement so energetically pursued by England against Germany."

Finally, he declared that Germany would drop her claim to an indemnity. "We are inwardly convinced that we, as the innocent party, have the right to such an

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indemnity." But since the enemy will not grant it till they are defeated and since the sacrifices required to defeat them could not be compensated by money, "we prefer, after reasonable consideration, to give up any pursuit of this idea *in spite of our favourable military position.*"

In the Allied countries this speech read like a truculent defiance ; but to German ears, so recently attuned to the pœan of decisive victory on every front, it sounded a new note of moderation. One "Jingo" newspaper described it as "a pacifist mollifying speech," "a diplomatic and political catastrophe." * But the Vice-Chancellor and his civil and military associates knew better. The battles in France had for ever destroyed the Pan-German dream. As the generals were forced to yield their positions, so the diplomatists were forced to fall back on their Eastern gains. If a peace could be obtained which left the border countries in their hands and set their soldiers free to "restore order" there, then the outcome of the war could still be represented as a political success as satisfactory as the strategic triumph of the great retreat.

Thus, up to the end, the chiefs of the Prussian system strove to save their prestige. But they could only maintain their elaborate pretence on two conditions : first, if the Allied armies permitted the German armies to avoid a defeat so complete and final that its true character could not be concealed, and secondly, if the Allied Governments were prepared to conclude a peace with the German Government in accord with the bargain proposed.

As events were to prove, neither condition could be realised ; but till the decisive moment came, the Prussian oligarchy stood obstinately at bay. At the meeting of the Main Committee of the Reichstag on September 24 the successors of Bismarck and Roon acted for the last time the parts which the first exponents of the Prussian method of governing Germany had taught them. There as of old were the members of the civil Government, the Chancellor

* *Tagliche Rundschau*, as reported in *Frankfurter Zeitung*, September 13.

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and his little group of departmental officials, none of them members of the Reichstag nor in any way responsible to it, prepared indeed, as the Chancellor explained, to discuss "a number of important questions" with the representatives of the German people, but not, of course, to allow them to control the policy which had already been determined by the Kaiser and General Ludendorff. One after another they repeated the old phrases of self-justification and self-confidence which had done service at every previous crisis of the war. "From the first day onward," said the Chancellor, "we have carried on the war as a war of defence: it was only in self-defence that we invaded Belgium." Once more he recited the old legends—"the well known encircling policy of King Edward," the French preparation for war, the Russian "effort at expansion," and the actual precipitation of the war by "the Russian military party;" once more he asserted the desire of Germany for peace and welcomed the establishment of such a League of Nations as would secure "the freedom of the seas" and the abolition of "the supremacy of Great Britain at Gibraltar and Malta and on the Suez Canal;" and once more he called for confidence in the invincible leaders of the German army. "Our generals, Hindenburg and Ludendorff, will show themselves equal to the present situation as they have to every past one. . . . The wall of bronze on the Western front will not be broken through." The representatives of the War Office, the Admiralty, and the Foreign Office followed their chief. "The High Command," said General von Wrissberg, "look forward full of confidence to future events." "The Navy," said Captain Bruninghaus, "continues to be convinced that it (the U-boat war) was and is the sole means of making the Anglo-Saxon see reason." "The consolidation of the Ukraine," said Admiral von Hintze, "is progressing satisfactorily." Finally, the Vice-Chancellor, Herr von Payer defended his Stuttgart speech against the criticism it had provoked and admitted that the

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Entente Powers might possibly be allowed to co-operate with Germany in the settlement of the border-countries if they should ever show sufficient "insight, self-control and unselfishness," but declared that in the meantime the Government must "not quite forget the old saying, *Try to keep what you have.*"

These official declarations were followed by the customary debate. The parody of popular government, which the proceedings of the Reichstag have always been since Bismarck willed it so, was enacted once again, but it was for the last time. Before the debate was ended the news of Bulgaria's request for an armistice on September 27 reached Berlin. On the same day the British army had broken through the Hindenburg line and advanced upon Cambrai. On September 30 Herr von Payer read to the Main Committee a letter from the Kaiser to the Chancellor, accepting his resignation and expressing the desire "that the German people shall co-operate more effectively than hitherto in deciding the fate of the Fatherland." As to the fulfilment of this desire Herr von Payer informed the House that the leaders of the Reichstag Parties were about to deliberate.

There was nothing outwardly very striking in these simple, orderly proceedings. It may be doubted whether the members of the Reichstag who applauded the reading of the Kaiser's letter realised as yet the full significance of the event. More sweeping changes were yet to come; but, in fact, a revolution had already occurred. A great political organism, the most powerful, the most dangerous, the most disastrous that the world had ever seen, had suddenly passed into history. The government of the German Empire by an irresponsible autocrat under the guidance of a military oligarchy—in other words, the Prussian system—had ceased to be.

Historians of a future day will explain in detail and in due proportion the causes which led with such dramatic swiftness to this revolution, but even at this close

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distance there can be no mistaking the cardinal factor in the process. It was manifestly the armed power of the Allies on land and sea, under pressure of which not only were Germany's vassals forced to surrender, but the German armies were driven back upon the frontier and the invasion of Germany itself became imminent. It was these events which made it impossible to conceal the fact of Germany's defeat and the inevitable approach of a military *débâcle* as complete as that of her allies. The last desperate effort of her rulers to save the prestige of the Hohenzollern dynasty and the system it controlled was thus frustrated : their pretence of a "defensive victory" was swept aside ; and recognising that the heart of the Prussian system—success—was broken, they yielded their swords to their old internal enemy—the principle of self-government—and left it to the leaders of the assembly which alone could claim to represent, however imperfectly, the will of the German people to make the best terms possible with the enemy without.

V. THE SURRENDER

PUBLIC opinion in the Allied countries was slow to believe that the constitutional change was genuine. In some quarters it was described as a last desperate effort of Prussian duplicity, a piece of *camouflage* designed to save the vanquished from their fate. And Lord Milner was absurdly denounced as a "pacifist" because he protested against this hasty assumption and pointed out with obvious common sense that the Germans were not in love with the rigours of Prussian militarism for their own sake, but submitted to them only as the means to German power and dominion, and that the main task of the Allies was to complete the process which had already begun and to "hasten the day when the utter wreckage of the Prussian

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military machine is demonstrated before the very eyes of the German people." *

But if the democratic professions of the new German Government were sincere, much needed to be done before they could be realised in actual practice ; and it was open to diplomacy to further the process of revolution.

The new Government's immediate request for an armistice enabled President Wilson to press for guarantees that the authorities with whom the Allies were now asked to treat were wholly free from the control of the "military masters and monarchical autocrats of Germany" who had made and carried on the war. A clear answer to his searching questions was given by the Kaiser's decree declaring that "a new order now comes into force which transfers the fundamental rights of the Kaiser's person to the people." Still more impressive was the resignation of General Ludendorff, whom, now that he had been discarded, the German Press was allowed to describe as the power behind, if not above, the throne.† And the Government, meanwhile, was rapidly enacting democratic amendments to the Imperial constitution. Yet none of these things could be altogether satisfactory. Germany was held fast in the net which the genius of Bismarck had so carefully woven. For he deliberately contrived the constitution so that by no process of piecemeal amendment could the power of the Kaiser and the Prussian oligarchy be overthrown. The establishment of democracy in Germany necessitated, in fact, the tearing-up of Bismarck's masterpiece and the framing of new constitutions not only for the Empire but also for its component States. It was to this point that President Wilson addressed himself in his final Note of October 23.

Significant and important as the constitutional changes seem to be which are spoken of by the German Foreign Secretary in his

* Interview in *Evening Standard*, October 17.

† See the article in the *Frankfurter Zeitung*, October 30, quoted in the *Times*, November 6.

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Note of October 20, it does not appear that the principle of a Government responsible to the German people has yet been fully worked out, or that any guarantees either exist or are in contemplation that the alterations of principle and of practice now partially agreed upon will be permanent. Moreover, it does not appear that the heart of the present difficulty has been reached. . . . It is evident that the German people have no means of commanding the acquiescence of the military authorities of the Empire in the popular will, that the power of the King of Prussia to control the policy of the Empire is unimpaired, that the determining initiative still remains with those who have hitherto been the masters of Germany.

While the current of revolution had been started by the Allies' victories in the field, by this vigorous diplomatic "offensive" President Wilson forced its pace.

Apart, however, from all such external pressure the process of political transformation was bound to overpass the limits reached under Prince Max's Government in the month of October. The forces of revolution, once they are unchained, cannot easily be checked at any given point; and it is the nemesis of despotism that the greater its strength the more complete is its downfall. For forty years the masters of the Prussian system had enslaved the souls and bodies of the German people; and their slavery was the more thorough and disastrous because it was not unwilling. Intoxicated by the triumphs of 1866 and 1870, they hypnotized themselves with dreams of yet greater victories to come and accepted with almost mechanical docility the tyranny of the men and methods through which alone, as they believed, those dreams could and would be fulfilled. When the war broke out, the fulfilment seemed at last in sight. But from that moment their rulers began to belie the reputation of infallibility they had so long and so blindly accorded them. From that first autumn, when they were told to expect a victory as swift and overwhelming as that of 1870, through more than four years of suffering and strain, severer probably than any outside observer can realise, they still endured and submitted, tortured again and again by the agony of

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hope deferred, breaking out into hysterical jubilation at every transient success, accepting with anxious credulity the official travesty of every failure, until at length, when the point of moral and material exhaustion was almost reached, they obeyed the call for one last victorious effort, rendered to the Prussian god of war one last sacrifice of their manhood, and achieved—defeat, utter, irretrievable, undisguisable defeat.

The more credulous and obstinate a man's belief, the greater the reaction when reality destroys it. No wonder that with the bitter disappointment of the German people, with their deep humiliation, with their dismay at the prospect of the inevitable reckoning, went a wave of anger at the authors of their ruin, all the more violent, perhaps, because they had been themselves their willing dupes and proud accomplices. To such a temper the smooth transition from a Hohenzollern despotism to a Hohenzollern constitutional monarchy was not enough. A demand for abdication arose, swelled rapidly in volume, and presently embraced the minor German kings and princes who moved in the Bismarckian system like satellites around the Kaiser's throne. And hard upon this outcry against the crowned heads of the Empire followed a movement more sinister and more extreme. A section of the German people, exasperated by the losses, the privations, the harsh repressions of the war, all endured for no end but disaster, and unsatisfied with the fall of kingdoms and the creation of republics, seemed bent on following the terrible example of the Bolsheviks and tolerating no other government than the class-rule of the proletariat. The mutiny in the German Fleet, the establishment of Soldiers' and Workmen's Councils, the ferment in the great industrial centres—were these the beginning of the end of Germany's short-lived democracy? Was the course of the German Revolution, like that of the French and Russian, bound by a kind of natural law to follow the historic sequence and end in anarchy and terrorism? The first stage at any rate

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was inevitable. As in Paris in 1792 and in Petrograd in 1917, the political balance in Berlin swung sharply to the left. The leaders of the Majority Socialists as representing the largest section of the German people had shared in the new Government from its outset : at the end of the month they were its masters, since it was clear that, whether or not they possessed sufficient authority with the mass of the people to maintain law and order, nobody else possessed it. It was at their demand that on November 9 Wilhelm II abandoned his throne as German Emperor and King of Prussia. And it was to Herr Ebert, one of the Socialist leaders, that Prince Max resigned the Chancellorship after publishing a decree announcing the abdication and declaring that "a Constituent German National Assembly" would be convoked to "settle finally the future form of Government of the German nation and of those peoples which might be desirous of coming within the Empire." Meanwhile the King of Bavaria, the next largest State to Prussia in the Empire and the first to declare for a Republic, had fled from Munich ; and in Saxony, Wurtemberg, Brunswick and other States the existing Governments were being overthrown.

Amid this tumult of dissolving Empires and falling dynasties the war came to an end. During these weeks of internal upheaval the resistance of the German armies was rapidly crumbling before the unceasing advance of the Allies. On November 6 the Americans reached Sedan ; on November 10 the British were on the outskirts of Mons, the French beyond Mézières ; and the Germans had been almost entirely driven from the soil of France when, in the early morning of November 11, the plenipotentiaries of the German Government, together with Marshal Foch and Admiral Wemyss, signed an armistice, the terms of which were tantamount to the complete capitulation of the German forces.

A New Sowing

VI. A NEW SOWING

THE long day's task is done. Freedom has been saved from the most dangerous attack its historic enemy has ever made on it. The primitive lust for power and dominion is too deeply rooted in man's diverse nature for Prussianism to have lost for ever its vicious attraction for a certain type of character in all human societies. Over individuals or classes or nations its power for evil is not spent. Yet it may be hoped that never again, after this defeat, will it be strong enough to challenge Liberty for the mastery of the world. But the one great task accomplished leaves others no less vital in its train. The world is not yet safe for democracy. It remains for the free peoples so to enshrine in the coming peace the principles they have vindicated by their victory that out of the devastating, yet cleansing, fires of the war may arise a new order of civilisation, far better and far happier than the old because it rests on a fuller consciousness of the brotherhood of man and a more fearless application of its logic to the real facts of life.

And more than that. To the attainment of this new order there is still one serious obstacle. The events of the next few months will show whether indeed the unity of civilisation has been achieved or whether it is to be torn once more asunder by internecine strife. Another schism, as deep and implacable as that which caused the war, is now cutting its way into the heart of Europe. Not two principles but three have been at issue during the past year : * and the forces of Freedom, in the moment of their victory over one enemy, are confronted by another no less dangerous, if not as yet so powerful, who likewise aims at world-dominion and with whom likewise there can be no truce or covenant. For Bolshevism like Prussianism means

* See the article "Three Doctrines in Conflict," in the ROUND TABLE for March, 1918, No. 30.

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the tyranny of a single class, and like Prussianism it denies the democratic faith and repudiates the equal right of every citizen to take his part in the service of the common weal.

The brief outline of events which has been given in this article is enough to show how wide an opportunity now lies open to Bolshevism. Over practically the whole of Central and Eastern Europe the established order has dissolved. The war has passed over the land like a great convulsion of nature, smashing down the fences, uprooting the old growths, and leaving a waste of broken soil awaiting its new seed. Is it grain from the West the wind will carry there or thistledown from the East? In the Baltic lands, in Poland and the Ukraine, in Galicia and Hungary and all the agrarian districts of the extinct Hapsburg Empire, the seeds of Bolshevism may all too easily take root and flourish. And should they also grow up in Germany and choke the growth of its new-planted freedom, what then would remain to us of our long-cherished hope of peace and concord? The world would still be at war within itself; inter-State relations would still be controlled by the balanced power of two rival systems: the framework of a united civilisation could not be built. For a Bolshevik Germany could no more be a member of a League of Nations than the Prussian Germany of the past could have been. And the same applies to any other country.

Few listened to Lord Milner's warning when, in the interview already quoted, he drew attention to this danger. But the events in Germany which accompanied the ending of the war awakened the world to its reality. Happily there are signs (at the moment of writing) that the Socialist leaders, their internal faction healed, may succeed where the Girondins failed in France and Kerensky failed in Russia, and check the current of revolution before it carries Germany over the brink of the abyss. The orderly, methodical, docile temper of the German people, which made them such easy victims of the Prussian system, the

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intelligence and industriousness it so skilfully perverted, may save them now from a surrender, equally ruinous, to Bolshevism. They have borrowed the titles but not, so far, the methods of the Bolshevik *régime*. If the efforts of the Allies can relieve them of the hunger that "breeds madness," they may succeed in maintaining "an orderly process of government" until the National Convention ordains Germany's political destiny in accordance with the communal will of all its people.

If once this dangerous period of transition is safely passed, the task before the German people will be lengthy and laborious indeed, but relatively simple and straightforward. The representatives who gather at the National Convention will first have had to rid their minds of the whole system of political ideas in accord with which they have lived for a generation past—an impossibility, perhaps, for the Prussian Junkers and difficult enough for most of those who governed Germany under the old *régime* and in whose hearts the old Prussian philosophy of life was shown to be still so vigorous by their words and actions a few short weeks ago ; but an easier matter for the great body of the German people who consciously accepted that philosophy as part and parcel of the system they have now themselves discarded. And their representatives, their minds thus freed from the past, will not have to adapt themselves to a wholly new or alien system. The older men among them will be thinking the thoughts and speaking the language of their fathers. Seventy years ago a similar National Convention met at Frankfurt charged with the same function of framing a constitution for a united German nation. The majority of its members were liberal-minded men whose political ideals had been deeply influenced by the theory and practice of democracy abroad, especially in England. The completion of their work would have changed the whole course of history : their constitution would have made the Prussian Germany impossible. For it would not only have been democratic ; it would also

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have united the *whole* German nation, and the inclusion of Austria would have prevented the dominance of Prussia. Precisely for these reasons the Prussian reactionaries, with the young Bismarck among them, and the military power and prestige of Prussia behind them, deliberately cut short and nullified the work of the Convention and forced Germany to take that other road which led through Königgrätz and Sedan to the Marne. The present task of the German people, therefore, is not new and strange, still less is it dictated to them by external interference. They have but to retrace their steps to the parting of the ways and to choose this time the right road. And already they are striving to recall the spirit of '48 and unfurling the old banner of the German Bund.

Whatever may be their feelings towards the German people, however long they may think it must take them to drive the Prussian poison wholly from their veins, it is the plain duty of the British peoples to welcome and, in so far as in them lies, to assist the advent of a German commonwealth. Nor is it only among those that have been our enemies that new democracies are springing up. The victory of the Allies, if only it is perfected and consolidated by the downfall of Bolshevism as well as Prussianism, will have fulfilled beyond their hope the vision of a new free Europe. At every previous epoch of revolution on the Continent, the champions of liberty have looked to England, the mother and foster-mother of self-government, for encouragement and counsel, and have drawn on her store of age-long, hard-won experience to guide them along their untravelled road. So it was in France at the outset of the Revolution, in Italy from first to last, in Greece in 1825 and 1862, in Germany and elsewhere in 1848. It rests with ourselves whether or not we may be privileged to render in the coming age the same service to the cause of freedom. In its world-wide scope, in the infinite diversity of its parts, in the variety and multiplicity of its affairs, the British Commonwealth is unique. It is a microcosm,

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a world in miniature, with the stuff of almost all the great problems, social, national, racial, which confront mankind woven into its fabric. The manner in which its peoples treat those problems will be eagerly scanned by the new brotherhood of democracies abroad. Only if our solution of them be right shall we be able to do as much to secure the new order of the world by our example as we have done by our exertions to create it. And the right solution will only be attained if we preserve through the coming years the same spirit of devotion to the common good, the same sense of public service pervading, inspiring, commanding our individual lives, which has carried us triumphant through the pain and weariness of the last four years.

SOME PRINCIPLES AND PROBLEMS OF THE SETTLEMENT

"These great objects can be put into a single sentence. What we seek is the reign of law based upon the consent of the governed and sustained by the organised opinion of mankind."

IN the first article of this issue an attempt has been made to deal in broad outline with the fundamental issues and the historic importance of the situation in which the world now finds itself. The following pages seek to elucidate in somewhat greater detail the principles involved in the terms of settlement accepted by the belligerents, and to make comments and suggestions regarding some at least of the problems to the solution of which they are committed. The words quoted above, which form the governing sentence of the Mount Vernon address and indeed of the whole series of President Wilson's speeches, have been taken as a text because they contain within themselves in simple and unmistakable language the clue to the whole process of settlement as conceived in the mind of its chief interpreter.

I. THE LEAGUE OF COMMONWEALTHS

OF the two duties to which men are committed by the scriptural command, statesmen are chiefly concerned with the second, men's duty to their neighbours. Such duties are both private and public. Our public duties, which involve our relationship to the wider circle of our

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fellow-citizens and fellow-men, we are only enabled to perform by means of political and social institutions and the general rules through which they work. The chief and most important of these institutions is the State, and the general rules by means of which it fulfils its purposes are called laws. We tend to speak of the settlement in terms of the League of Nations; if we used political terms with the accuracy that the importance of the subject demands, we should speak of a League of States; for it is States, sovereign within their own territory and expressing the will of their rulers by means of laws, which are the units of the international family. The treaties and covenants which will bind the members of the League to one another will not indeed be laws in the strict sense of the word, for they will be contracts between equal partners rather than rules made by a sovereign authority enforceable by its executive agents upon its individual citizens. But their making and their enforcement must be the offspring of respect for law in the States composing the League; and, as the story of the Belgian treaty shows, inter-State right is no more than a scrap of paper unless those who sign its covenants regard them as a sacred and binding obligation. It is in this sense that the network of treaties which will confirm and extend inter-State right throughout the membership of the League will signify the establishment of a reign of law between the contracting Powers. The League of Nations, in fact, so far from invalidating or diminishing national sovereignty, should strengthen and increase it; for unless the individual citizens of the various States comprising the League acknowledge and obey the laws by which they are governed, unless they recognise their duty of dedication to the State of which they are members, it is idle to talk of a world "made safe for democracy."

Those who, like the Bolsheviks or their intellectual followers further west, deny this duty of civic dedication are, whether consciously or unconsciously, trying to bring

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anarchy into human society : for they are aiming a blow at the only principle on which an effective international organisation in the public interest can be built up in the modern world. The day is past and over when churches or guilds or other non-territorial forms of association could claim to be equal to the task of providing justice and liberty for mankind. Since the close of the Middle Ages the tasks of government have been in the hands of territorial States ; and, if experience is to be taken as a guide, they will henceforward remain there. The work before the coming age is not to supersede the existing States but to *moralise* them : to establish a better tradition and more broadminded and unselfish habits of business in the conduct of their internal and external affairs. But silk purses cannot be made out of sows' ears. Better States presuppose better citizens, men and women at once more public-spirited and fully conscious of their obligations and more unselfish and devoted in striving to honour them. Thus it is only on the basis of civic dedication in the individual States that the co-operative machinery of the League can ever develop into the organic union or world-State to which all students of the political affairs of mankind are bound to look forward.

But the membership of the League of Nations is not open to all the States of the world. It is only open to those where authority is based upon the consent of the people over whom it is exercised. The reign of law may be said to exist in autocracies whenever the exercise of their power is consciously directed by a spirit of trusteeship rather than of ascendancy ; but even at the best the subjects of an autocracy obey the law out of fear or habit rather than out of consent and in the spirit of co-operation. Membership of the League cannot be confined, in the present backward state of the political education of the world, to States which enjoy responsible self-government throughout their whole area ; but it can reasonably be demanded that no States should be admitted

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which do not make such a consummation one of the deliberate aims of their policy. To admit into the League States like Mexico or Liberia, where power is exercised and law enforced for the advantage of a section only of the community, would be to court the very conflict of principles within the concert of the Powers out of which war sprang in 1914.

Still more disastrous would it be to admit into the League States whose rulers are engaged in a deliberate propaganda to subvert the institutions and more especially the democratic self-government of neighbouring States. As President Wilson stated in set terms in his Second Inaugural on March 5, 1917 :

The community of interest and of power upon which peace must henceforth depend imposes upon each nation the duty of seeing to it that all influences proceeding from its own citizens meant to encourage or assist revolution in other States should be sternly and effectually suppressed and prevented.

Governments such as that of Bolshevik Russia, which refuse to abide by this principle, and, indeed, contravene it to the extent of enrolling into their citizen body converts to their own particular creed who are and remain resident citizens of other States, are outlawing themselves not only from membership of the League of Nations but even from recognition by the Associated Powers.

The League, in fact, will not simply be a League of States, it will be a League of Commonwealths—of States, that is, which consciously base their policy upon common ideals—on the welfare of the governed, on the equality of all before the law, and on the duty and privilege of responsible citizenship as an element in the mutual service of each to all. It is only by the co-operation of States which have common ideals that the new world order can be built up, and the ideal of the commonwealth, the principle of the conscious and responsible co-operation of the citizen in the making of the laws by which he is

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bound, is the only possible foundation for the world-State of the future. Modern civilisation is at grips with two great dangers, the danger of organised militarism, which it has surmounted with blood and tears in the last few years, and the more insidious because more pervasive danger of anarchy and class conflict arising out of the passions that have been let loose in the period of unparalleled strife through which the world has passed. As militarism breeds anarchy, so anarchy, in its turn, breeds militarism. Both are antagonistic to civilisation, and neither is compatible with membership of the League of Nations.

II. THE COVENANTS OF THE LEAGUE

WE conclude then that the League of Nations will, in fact, be a co-operation of commonwealths, an association of States cherishing common ideals, which have bound themselves together for certain definite purposes. What form shall that association take? It would seem to fall into two sharply defined divisions. Firstly, the actual treaties or conventions to which the Associated Powers jointly and severally become parties, and, secondly, the methods of regular conference and study by which that association may be deepened and extended, and an organised opinion of mankind gradually come into being and find practical expression.

As to the contents of the treaties, it is hazardous to be precise at the present juncture. They will embody those matters on which the statesmen of the signatory powers, after the experience of this war and the full opportunity of conference, have reached an agreement sufficiently definite to be laid down as the basis of their future relations. These treaties will, however, not be laws in the strict sense of the word, nor will the assembly of statesmen at Versailles or elsewhere which draws them up be a

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parliament. Each statesman will be responsible to the sovereign parliament and people behind him, and it is the peoples of the States comprising the League who must bear the chief responsibility for the treaties signed in their name. For that reason it would seem desirable that the treaties should not be long term, still less perpetual, instruments. Perpetual treaties are indeed a lien upon national sovereignty and a standing contradiction of the principle of the democratic control of foreign policy. Free peoples should be fully acquainted with their obligations, and to this end those obligations should be brought before their notice at regular and frequent intervals. It would establish a salutary precedent if the net-work of treaties signed as a result of the war were valid for a period of ten years only, and therefore came up for automatic renewal by the statesmen and peoples of the signatory Powers at intervals sufficiently short to enable international issues to be brought before this country at every second general election. Nothing is more dangerous for a democracy than to be committed to obligations which are distasteful to it. If the ideals at the base of the fabric of the League of Nations are no longer believed in by the electors of any of the signatory Powers, let them have full opportunity of denouncing the treaties by which they are bound, and so giving notice to the world that they resume full freedom to act as they think fit. Such a proposal may seem to some to reveal a lack of faith in the future of the League and to endanger the prospect of its permanence. In fact, however, its adoption would be more likely to have the contrary effect. Nations and parties might from time to time chafe at their obligations under the League, and work themselves up into a mood of determination to flout them. But, when brought face to face with the alternative policy of public withdrawal from the comity of civilisation, they will assuredly recover their sanity of outlook. The periodical renewal of the covenants of the League would, in fact, be of great educative value. The

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public opinion of mankind is, indeed, not yet ripe for a permanent written constitution which shall regulate its political activities; and since the main work of the League of Nations in the opening generation must, therefore, be one of education, nothing could be more conducive to the increase of its authority over men's minds than an arrangement by which the fundamental issue of foreign policy, the question of co-operation as against antagonism in international relations, was brought up regularly before the bar of public opinion. Had the Belgian Treaty been liable to renewal in this way, the Germans would have been left in no doubt as to British action, and possibly the whole course of events might have been different.

Another general remark may be made about the treaties. It is better to avoid provisions which, however desirable in the abstract, cannot be worked out in such a form as to be subject to scrutiny and control. The history of diplomacy is full of pious provisions of this kind, and experience has invariably shown that they are not only useless, but actually harmful; for they tie the hands of law-abiding and trustworthy powers whilst leaving the untrustworthy free to pursue their purposes in secret. The best instances of such provisions in the past, ever since the Papacy tried to prevent the use of gunpowder, have been the attempts to secure the limitation of armaments and the mitigation of the rules of war. The fourth clause of President Wilson's Fourteen Points stipulates that "adequate guarantees should be given and taken that national armaments will be reduced to the lowest point consistent with domestic safety." It will be the task of the Peace Congress to attempt to devise such guarantees. It would be idle to deny, however, that all proposals so far made in this direction have been confronted with hitherto insuperable obstacles, such as the problem of defining what armaments are, or how implements of war are to be distinguished from instruments of peaceful commerce—a difficulty

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which has been greatly increased by the development of aircraft. The best guarantee here, as elsewhere, as Viscount Grey has observed, will be the sense of security arising from the acceptance of common ideals by the Great Powers. Moreover, as Mr. Churchill has suggested, the general adoption by other Governments of an attitude of frankness and openness, such as has been customary in this country, as to expenditure on armaments, will by itself exercise a powerful and beneficial effect on the international atmosphere. It is likely, too, that financial exigencies and the obvious desirability of devoting the maximum amount of energy to productive labour will prove even more potent spurs than international discussions to the diminution of armed forces. It must be remembered, however, that there are certain common interests which it will be the task of the League of Nations to safeguard, if necessary by military means, and that in the present state of unrest throughout the world, not merely in Europe, but in Asia and Africa, international as well as domestic considerations must determine the scale of armaments.

Some other points which should form part of the covenant can be mentioned. It will no doubt be provided in accordance with the first of the Fourteen Points that all treaties and agreements of any kind made between any of the contracting powers or by a contracting power with a power or powers outside the League, shall be made known to the Governments and peoples of the League. The simplest way of so doing would be to arrange for the registration of such treaties and agreements with a permanent secretariat. Secret treaties made between Governments are as incompatible with democracy as they are with secure international relations. This does not necessarily imply that negotiations should always be publicly conducted, or that treaties should be subject to ratification by a popular assembly. The experience of countries, like the United States, where such ratification is required,

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reveals danger, which some advocates of the democratic control of foreign policy do not seem to realise. Moreover, in all human affairs negotiation is apt to proceed more smoothly and satisfactorily when those who conduct them are plenipotentiaries. One of the results of requiring that treaties should be valid only for short periods will be to enable more power and discretion to be placed in the hands of those who negotiate them.

Amongst the questions to be regulated in the treaties, territorial problems will take the first place. Pacifist propagandists at an early stage of the war invented the watchword : "No annexations," thus showing how little they understood what the tasks and problems of government are. The end of the war finds vast areas of the world's surface devastated, depopulated and racked by misgovernment, crying out for the justice and freedom, the technical administrative skill and the material relief, which civilised governments are alone in a position to give them. For such territories self-determination is no solution ; they are not in a position to govern themselves, nor are they even in a position to choose their rulers. Rather they resemble those Italian cities of the Middle Ages who were accustomed when civil conflict had reduced their fortunes to a low ebb, to call upon some neighbouring community to send in a peacemaker or *Podesta* to restore them to prosperity. The League of Nations, in fact, will find itself confronted with the necessity of acting as trustee for a number of unfortunate wards, the victims of misgovernment and mischance. It will have to give legal precision to the idea of trusteeship, which has already been acknowledged by the leading powers as the guiding motive of their administration of non-adult countries. It will have to consider the needs of such territories in the light of the welfare of the world as a whole, and to call upon Powers whose experience and resources enable them to undertake such obligations to act as custodians under the terms of an international trust or charter. Such charters, which will no doubt be drawn up

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for territories in Western Asia, Central Africa and the Pacific, would merely carry farther the principle underlying the Berlin Act of 1885, but with the important addition that the guaranteeing Powers would retain in being an organisation to supervise their execution, and to deal with difficulties should they arise. In the case of the Congo, the signatory powers to the Berlin Act, after they had established the fact of persistent unfaithfulness on the part of the custodian, removed King Leopold from his position. The same ultimate remedy would remain in the hands of the League of Nations in the case of the new trusts now to be formed. The territories so handed over would not form part of the ordinary dominions of the sovereign state administering them, but would be subject in a special and peculiar degree to international supervision. A word must be added here to emphasise the plea put forward elsewhere* that the United States should abandon its traditional aloofness and undertake a full share of the burdens which will fall to the civilised Powers.

Another of the Fourteen Points which will undoubtedly be embodied in some shape in the treaty covenant is that providing for the "establishment of an equality of trade conditions among members of the League." The exact interpretation of these words is not quite clear, nor is it yet certain how far it will be possible to reduce them to treaty form. President Wilson has explained that they involve a pledge to make no special tariff discriminations against any particular power, and it is clear that they have, in fact, ruled out the idea of an economic boycott against Germany, which was much discussed in certain quarters at a time when faint hearts believed that it was impossible to obtain a decisive military victory. It is, however, one thing for the Powers to pledge themselves not to discriminate against any particular state or group of states, and another thing to couch their treaty obligations in the positive form of "equality of trade conditions." Taken

* Pp. 29-34 above.

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strictly, these words would seem to imply the universal adoption of the most favoured nation principle in commercial treaties, and the elimination from the commercial practice of the members of the League of all special economic alliances or customs unions between any two or more of them. Such a system of most favoured nation treatment existed in Europe between the time of the Cobden Treaty of 1860 and the revival of protectionism in the late seventies. It led to a general lowering of tariff barriers by virtue of the fact that duties lowered in favour of any power were automatically lowered towards all other powers, and it undoubtedly did much to promote cordiality and a closer understanding between the nations. There is much to be said for its reintroduction : nor is the real objection to it likely to come from Great Britain, which has uniformly adhered to the system ever since the middle of the nineteenth century. On the other hand, there are regions of the world, notably in the East of Europe, where closer economic relations between the various countries will be highly desirable, and where the newborn spirit of independence is likely to render impracticable the *political* unions which in the experience of the British Commonwealth in South Africa, Australia and elsewhere have proved the most satisfactory way of securing closer economic association between neighbouring communities. It remains to be seen how the Powers will succeed in embodying President Wilson's third point in their covenant without subjecting the States of the Danubian basin and the Baltic seaboard to irksome restrictions upon their economic freedom. It will also be interesting to observe how far the United States herself conforms to the principle laid down by the President, which is at present contravened by the reciprocity treaty with Brazil dating from 1904, and in a lesser degree by her relations with States like Cuba. Possibly a way out may be found by setting up a permanent commission on Commercial Practice, on the analogy of the United States Tariff Commission, to

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which controversies on tariff discrimination, dumping, and similar questions could be referred. Such a body might gradually work out in practical shape what may be called the etiquette of commercial policy. One of its first duties, for instance, would be to harmonise the European and American interpretation of the Most Favoured Nation clause.

An economic provision which will doubtless find place in the treaty is that relating to "free access to the sea for inland populations." If this principle, with which President Wilson dealt in some detail in his speech of January 22, 1917, is to be carried out in such a way as to safeguard the interests of inland Powers such as Poland, Czecho-Slovakia, Hungary and Switzerland, a number of ports will have to be scheduled and Commissions appointed, on the analogy of the Danube Commission, to control the main route of communication to the *hinterland* in question. Where rivers are concerned, ample precedents exist for this: and the relatively small expenditure required for the maintenance of the necessary facilities for navigation makes the financial question a matter of no special difficulty. Canals and railways present a more difficult problem which will have to be worked out by degrees as similar problems have been worked out in the United States by the Inter-State Commerce Commission: for in the coming years Governments and peoples will more and more come to see Europe as a geographical and economic unit and to adjust their economic policies and projects to that simple and outstanding fact. The problem of improving the communications of the European Continent—and it may be added—of Western Asia, is, as the exponents of the Berlin-Bagdad idea rightly realised, essentially one to be envisaged as a whole. It would be well, therefore, to follow the Danube precedent by setting up a number of independent Commissions for different rivers and highways, but to bring all the various local bodies set up to deal with particular routes under the general authority of a Permanent Transit Com-

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mission appointed by and responsible to the Inter-State Conference.

This summary of the subjects ripe for embodiment in treaty form would be incomplete without a mention of the provision which to those who regard cure as more important than prevention will seem the most important of all—that designed for the avoidance of war between members of the League or between a member and an outside Power. Of the various possibilities under this head the simplest and most practical plan would seem to be to follow out the suggestion recently made by Lord Robert Cecil,* that no signatory Power should be at liberty to go to war until the matter in dispute had been referred to an Inter-State Conference. The Conference would decide whether the matter was justiciable—*i.e.*, whether it involved a question of fact or of the interpretation of an existing treaty or agreement. In such cases members of the League should be bound to abide by the award of the Hague Tribunal, to which the matter would forthwith be referred. To ask the Powers to bind themselves to abide by the award of a tribunal or Council of Conciliation on a non-justiciable dispute—to ask the United States, for instance, to promise to abide by an award on the colour question or the Monroe Doctrine—is to throw too great a strain on the growing international organism; whilst to provide for compulsory reference to conciliation with the possibility that the award may be disregarded is to incur the risk of bringing the prestige of the new international authority into contempt. In this particular field, to which too much attention has been directed by those who regard international questions from a juridical rather than a broader political standpoint, it is more important to preserve elasticity and a sense of freedom of action than to secure binding engagements, signed, sealed, and delivered. After all, law courts and arbitration machinery are neither designed nor expected

* Address at Birmingham University on November 12, on his installation as Chancellor.

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to breed sympathy and understanding between rival litigants. They can but follow and consolidate the swifter advance of the international spirit in more fruitful and less contentious spheres of activity.

III. THE INTER-STATE CONFERENCE AND ITS ORGANS

SUCH are some only of the problems upon which it should be possible to secure agreement and to embody such agreement in treaty form. It remains to consider the methods by which that agreement, once arrived at, can be maintained, and above all what action can be taken to create and develop that public opinion among the peoples comprising the League, which alone can constitute what President Wilson describes as the organised opinion of mankind.

It has already been made clear in the first article that the new international order must take its rise out of inter-State conferences such as have already been taking place during the conduct of the war. In other words the institutions of the League of Nations must spring not from the Hague but from Versailles. This meeting of principals with principals should continue after the war at regular intervals. The most practical arrangement would seem to be that the representatives of the signatory Powers should meet at intervals of four or five years, and that there should be an *annual* meeting of the Premiers and Foreign Secretaries of the Great Powers, who would thus come to constitute a kind of executive committee for the members of the League as a whole, with power to call in representatives of any other States for consultation. The Great Powers after the war will be the British Commonwealth, France, Italy, Japan, the United States, and, should stable constitutional governments be formed there, Germany and Russia. The Inter-State Conference of their Foreign Secretaries would, in fact, be a re-establishment under happier auspices of the old Concert of Europe, out of which alone, as the wisest of nineteenth century statesmen were

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always aware, true international co-operation could be expected to spring. So long as the Concert was held together by any common policy, even the mere policy of avoiding war, it was able to show good results even as late as 1912, and its re-establishment on a definite basis of principle and with the practical achievements of this war to its credit will arm it with an authority which it has never previously enjoyed, and enable it to undertake tasks to which, five years ago, it could never have hoped to be equal. Its annual conference, which will take the place of the dark and confidential gatherings of monarchs and their statesmen at Konopisch, Björko and elsewhere under the old *régime*, should lead to a frank interchange of opinion on the problems of the day, and will have the further advantage of short circuiting the interchange of diplomatic documents which has made international consultation so cumbrous and difficult in the past. As in the case of the Imperial Conference (a similar meeting of Governments with Governments) the public should be informed by daily bulletins of the range of problems discussed, and reports of the discussion, with the necessary omissions, should be issued to the public at a later stage. The presence of the American Secretary of State at such a gathering would be the outward and visible sign of the new attitude of America towards her international responsibilities. It would also involve, if not a change of status, at any rate a change of constitutional custom in the position of the Secretary of State, who does not at present enjoy an authority equal to that of his European colleagues.

All these arrangements for the Inter-State Conference presuppose a permanent staff, and indeed the organisation is unthinkable unless a secretariat can be established to prepare the business, to deal with correspondence, and to supervise the working of any organisations set up by the Powers either by treaty or as a result of their consultations. The secretariat would no doubt be held in rotation by a member of one of the Great Powers, and there are men, of

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whom Colonel House is an obvious example, who are marked out by their record in the war as possible holders of such a pivotal post. The secretary would act as custodian and registrar of all treaties and agreements, and as the medium through which all reports on activities promoted by the Conference would reach the Governments concerned.

Such activities would seem to fall under two heads. First, there will be a number of international administrative bodies. A number of these bodies, such as the International Postal Union, already exist. Others it will be found necessary to set up as the consequence of the war. Hitherto they have been established as a result of a number of separate agreements and conventions, and they perform their functions in isolation, practically without reference to one another. A recent American work * states that "there are in existence 45 public international unions composed of states. Of these 30 are provided with administrative bureaus or commissions." Mr. Woolf † in his recent volume on international government divides them into four classes.

1. Permanent deliberative or legislative organisations working in conjunction with administrative organisations. The Universal Postal Union and the International Institute of Agriculture are given as examples of these.

2. Periodic conferences in conjunction with permanent national bureaus or offices, of which the Conference on the Slave Trade and Liquor Traffic in Africa is an example.

3. Conferences and conventions with the object of unifying national laws or administrations, of which commercial statistics and the White Slave Traffic provide examples.

4. Special international organs of a permanent character, of which the Hague Tribunal and Bureau, the Sugar Commission, the Danube Commission, the Suez Canal Commission, etc., are examples.

* Reinsch, *Public International Unions*.

† *International Government*, p. 102. See also Oppenheim, *International Law*, i. 612.

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The composition of these bodies is very various, but it should be possible to arrange that in all cases where the membership is confined to States within the League or is predominantly composed of them, their reports should pass through the secretariat, and thus be communicated in regular form to the Governments concerned, and to their peoples. One of the crying needs of the time is that the world should be kept better informed as to the working of the international services on which so much of its welfare depends. An annual volume dealing with the activities of such international bodies, issued through the secretariat, would be a most useful record, and steps could be taken to ensure that newspaper readers throughout the world were made acquainted with its contents.

But the secretariat will have more to do than simply to unify the activity of international bodies which existed before the war. There will be a number of new bodies set up as a result of the settlement. Such bodies will fall into two classes. Firstly, there will be certain local services which it will be found desirable to entrust to international commissions. If the Dardanelles and the Bosphorus, for instance, are to be "neutralised and internationalised," or a Customs Union set up in Tropical Africa, international commissions will have to be set up to carry out such provisions.

One observation may here be made in passing. It will be noted that in this case and the other cases already mentioned the work to be done is the management of *things* rather than the government of men. Experience shows that the limits of the success of international bodies are strictly defined. International administration has considerable success to its credit in such matters as postal administration, the dredging and wharfing of the Danube, and other matters of the same kind. Its failures have been in cases where a mixed civil service was called into being to administer areas of territory. None of the experiments under this heading, whether they involved joint

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action by two or more powers under a condominium arrangement, as in the New Hebrides, or the creation of an entirely new service, as in the Congo, can be claimed as successes. The government of men is, in fact, a difficult and delicate art. An administration cannot be called into being by a stroke of the pen. Tradition, *esprit de corps*, a certain unity of moral outlook, are of its essence. The best existing example of an administration exercising duties of national trusteeship over a non-adult population is that of the Indian Civil Service, which has reached its present stage of efficiency after many generations of effort and experience. To expect that a service recruited, with whatever paper qualifications, from a variety of different countries can hope to achieve success in the government of non-adult peoples is to fly in the face of experience, and to court certain failure. Above all, for the efficiency of any administration it is essential that questions at issue should be definitely and, if need be, very rapidly decided : and such decisions cannot be obtained by administrators responsible not to one Government, but to a Conference of Governments. History has proved again and again—in these islands, in the American Colonies, in Canada, Australia and South Africa—that the joint government of one community by a process of co-operation between more than one equal authority is bound to break down. So far, then, as the government of men is concerned, the principle of entrusting defined areas of guardianship to single sovereign Powers is the only one that can be adopted with safety.

Apart, however, from local services of this kind, there are certain general functions which it may seem desirable should be carried on by international bodies subject to the control of the Inter-State Conference. One of the dangers to which civilisation will undoubtedly be exposed in the era which is now opening will be the exercise of power by international syndicates, whose operations ramify throughout the world and are therefore not subject to the control

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of any single government. This is a problem which had already been becoming acute in the years before the war, and the concentration of economic power which the war has involved will undoubtedly make it more serious in the future. It is clearly intolerable that consumers throughout the world should be subject to uncontrolled exploitation by bodies of this character. International trusts are in fact capable of becoming real and serious rivals to the power of free governments and free peoples. Means, however, exist for controlling them. How far they should be applied when normal economic relations have been resumed after the transition period can only be decided in the light of the experience gained during the next few years. Already, however, it is clear that the inter-Allied economic bodies described in the last issue of *THE ROUND TABLE* are expanding their functions under the stress of emergency to deal with the international situation as a whole. Neutral and enemy needs, both as regards food and raw material, must be considered and met by them if inter-State competition and the scramble and high prices resulting from it are to be avoided; and action has already been taken in this sense. In its narrower limits this is a problem of the immediate reconstruction period, which cannot be dealt with here. But there are certain commodities, of which meat and mineral oil are obvious examples, which it may seem to the Inter-State Conference desirable and practicable to retain under some permanent form of control. It is too early to go into detail as to what form such control might take, but the war has revealed new possibilities in the co-operation of business initiative and enterprise with government supervision. Perhaps none of our war-time experiments and experiences is destined to bear more permanent fruit than the work which has been undertaken by Allied business experts sitting in conference together on the various inter-Allied programme committees, executives and councils.

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IV. THE PIONEERS OF JUSTICE

THERE is, however, another and perhaps even more promising field of work which will come under the supervision of the Inter-State Conference and its secretariat. The treaties and conventions signed at the end of the war will, as has already been pointed out, cover but a small part of the field of international difficulties and problems. Over a far larger part of that field the questions at issue are not yet ripe for agreed decisions ; the peoples and governments concerned have not yet made up their own minds, and in some cases have not even seriously considered the problems involved. If friction resulting in war is to be avoided in the future, it is urgently necessary that the Inter-State Conference should set on foot a work of study and inquiry, designed to bring such problems within manageable shape and to present an agreed outline of international policy to the governments and peoples concerned. What is needed in fact is what may be described as an organisation of political invention and research such as would enlist in the service of international organisation the best political brains and the ripest experience that the nations comprising the League can supply to it. For this object the Inter-State Conference should set on foot a number of standing commissions charged with the duty of watching and reporting at regular intervals on the group of problems assigned to them. These reports and the practical recommendations which would no doubt be associated with them would pass to the secretariat and would thus, as occasion offered, form the subject of discussion at the annual Inter-State Conference. They would also, subject to the necessary discretion, be published to the world.

Only a brief survey of the work lying before such commissions can be given here. The scope of their inquiries

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would be similar to that covered by the various government departments in most civilised States. There might for instance be a commission on justice, which would deal with such questions as extradition, the white slave traffic, the unification of procedure, and so on. Health is another matter of international concern, as the world has lately had occasion to realise from the spread of the prevailing epidemic. There is clearly scope for the work of a standing commission, which should review the conditions of health and disease throughout the world and suggest general measures and precautions more uniform than it has hitherto been possible to enforce, to improve the level of health and combat disease throughout the world. As typhus has been completely extirpated from civilised countries, so it should be possible by concerted means to deal a *coup de grace* to other similar enemies of the human race.

Communications by land, sea and air form another large subject of inquiry; and the appointment of a Transit Commission, to supervise the activities of local river or railway Commissions, has already been suggested. It would find itself faced with a new and fascinating range of inquiry. The laws and rules of the air, for instance, still remain to be worked out, and such questions as safety at sea are capable of far more uniform and effective regulation than they have hitherto received.

Another large subject which will undoubtedly play a prominent part in the peace negotiations is that of labour legislation, which has already been brought to the front by the resolutions of the British and American labour parties and by the speech of the German Chancellor on October 5. No doubt it should be possible in the treaties themselves greatly to extend the range and effectiveness of international labour legislation. Certain subjects, such as the employment of juveniles, the regulation of indentured labour contracts, the use of lead compounds, the institution of an official international bureau of labour statistics, are ripe for immediate settlement, but there are a

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number of other problems arising out of the varying standards of life and labour in the different countries and among the different races of the world, which can only be adequately dealt with by frank and friendly discussion between members of the countries affected. Moreover the defects of administration of the existing labour laws in many countries, including even some of the States of the American Union, form a subject on which periodical reports might be issued with advantage. In this and in other questions the importance of full Japanese co-operation in the deliberations connected with the League of Nations cannot be over-estimated. There is inflammable material here out of which the wars of the future may spring, but it is material which, if carefully studied and wisely handled, may yet be used to promote a real unity throughout the civilised world.

This leads on to a still more difficult question, that of the relations between the various large divisions or races of mankind, or what is known in popular speech as the colour problem. Here is an issue before which lawyers and judges are admittedly powerless. The questions and conflicts which arise out of it have never admitted and never will admit of judicial determination; they are political questions in the broadest sense of the word and must be handled by wise and understanding statesmanship on both sides. The British Commonwealth, including as it does peoples of every colour and at every stage of human development, has a wide experience of these problems and has known how to settle them, if not without friction, at least without war, within its own borders. Where they have been settled, as by the recent resolution providing for reciprocity between India and the Dominions on emigration questions, it has been by compromise and conference, rather than by seeking to arrive at a hard-and-fast principle. The same method must be followed on the wider international field, and nothing will conduce better to that end than the appointment of a standing

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commission wisely and comprehensively selected which will keep the whole subject under review and make recommendations to the governments concerned as occasion offers.

Another big field of inquiry is provided by the group of subjects which might be assigned to a finance committee. Amongst these, currency problems and questions arising out of the oscillation of the purchasing power of money are amongst the most difficult. Nothing more can be said about them here beyond that they are international questions in the truest sense of the word. No single Government or group of Governmen tscan hope to steady prices by limiting the output of gold, or make a revolutionary change in the basis of its currency without courting disaster. It is possible that a commission on which theory and practice were equally strongly represented might succeed in making agreed recommendations which would be of benefit to the entire world. Another great group of subjects is opened out by the question of the conservation of the world's resources, more particularly of its mineral and vegetable products. We have at present practically no means of knowing whether in respect of any important commodity the world is living within or beyond its means, whether as regards coal or timber or rubber or some of the rare and indispensable metals we are husbanding our resources wisely, or allowing careless and indiscriminate exploitation at the expense of posterity. It is no doubt very probable that in many cases the extraction or production of such commodities may defy detailed regulation, but at least the world is entitled to be made cognisant of the facts, and the precedent created by the International Institute of Agriculture shows what a valuable service can be performed by the mere diffusion of information through an authoritative international source.

If these suggestions were to be adopted, the Inter-State Conference would have created for itself something corresponding to a permanent intelligence department.

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Students and men of practical experience from different parts of the world would be associated together in a common work, and their association would lead to the growth of a real fellowship in the service of humanity transcending the boundaries of States and the prejudices of nations. Every member of these commissions would indeed still remain a citizen of his own country, acknowledging and indeed gladly responding to the tie of allegiance and dedication to his own commonwealth. But the service of truth brings with it claims which raise citizenship, as it were, on to a higher level, and the men engaged in thinking and planning in this way for the welfare of the world as a whole would have the satisfaction of knowing that it was by the express command of the State to which their dedication was due that they were placing all the powers of their intellect at the disposal of humanity.

Our survey of the activities of the League of Nations has, however, not yet found place for a true expression of what President Wilson describes as "the organised opinion of mankind." Something more solemn and formal is needed than the business-like meeting of principals in the Inter-State Conference. The world requires a forum where the opinion and conscience of mankind can find expression, where the chosen leaders of the democracies can interpret the thoughts and aspirations of their peoples and at the same time educate themselves by contact with colleagues from all over the world. The machinery of reconstruction will be incomplete unless arrangements are made for a periodical congress of delegates or parliaments chosen on a proportional system from amongst the various parties and meeting perhaps every four years. The agenda before such a body would be provided by the public proceedings of the Inter-State Conference and the reports and recommendations of the various international administrative and investigating commissions. This congress, and not the Socialist *Internationale*, would then take rank as the formal expression of "the organised opinion of

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mankind," and any proposals which it decided either unanimously or by a large majority to recommend to the various sovereign Parliaments from which it was drawn, would be certain to carry great weight with their electorates.

Such in very brief outline is a survey of the machinery which it may be practicable to set up to promote co-operation and unification between the sovereign States of the world in the new era upon which it is now entering. Nothing has been proposed which does not spring naturally and indeed almost inevitably out of the experiments in co-operation made between the Allies during the actual conduct of the war. The living experience of Versailles, rather than the academic dreams of the Hague, must be the starting-point for all our international schemes. Indeed, to carry the eye back behind the generation of competition and friction which preceded the war, what has been proposed is little more than a readaptation and reinvigoration of the old Concert of the Powers, which, as is too often forgotten, achieved very considerable successes during the nineteenth century. Now that the defeat of Prussianism and the bankruptcy of Bolshevism have made clear to mankind what the basis is on which the common life of nations and peoples must be founded, now that, in fact, the world has a common philosophy and has given a concrete meaning to the great phrases of liberty and justice, it is possible to hope for co-operative efforts and permanent associations such as were dreamed of by the statesmen who devised the Holy Alliance a hundred years ago. The British statesmen of that day with their shrewd and practical vision were justly cautious of the high-sounding phrases and limited outlook of Czar Alexander and his associates. They will still be shrewd and cautious to-day, and so will their new colleagues on both sides of the Atlantic; but the omens are far more hopeful now than then, for the peoples have lived and worked and suffered together, and have thus been enabled to gain a deeper and

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more intimate knowledge of the first principles, not merely of political but of human association.

It is indeed upon the peoples rather than upon the statesmen that the whole fabric of international reconstruction must rest. It is the citizens of the component States, and not least the people of these islands and of the self-governing Dominions, who must breathe the spirit of life into the schemes of organisation put forward by their leaders. Upon Britain indeed the burden falls in quite peculiar measure. At the end of the war we shall not only be one of the most powerful States of the world, but also one of the oldest. Two old members of the State System of Europe, Russia and Austria-Hungary, have collapsed ; Germany, one of the newest, but not the least powerful, is tottering, reeling forward to an unknown future. The war will leave the centre and east of Europe in a political condition as crude and raw as that of the newest part of the New World, with leaders and peoples unfledged and inexperienced facing problems that might well defy the ripest statesmanship and the most self-controlled citizen body. Half Europe will be, as it were, Americanised. Men will turn their eyes in this emergency across the narrow strip which separates Britain from the Continent, a sheet of water that the airman crosses in a few minutes, which is yet a frontier as broad and determining as almost any in the world. Men will look up more than ever to the Mother of Parliaments at Westminster and to our free and ordered institutions, to the ideals of liberty and justice which, nurtured in this island, have once more been tested and not found wanting. We stand between the old world and the new, as between our own heroic dead and the unborn generations for whom they laid down their lives. May the people of Britain sustain the burdens of peace with a patience, a courage and a self-control no less admirable than the spirit in which they have passed through the furnace of war.

THE FINANCIAL AND ECONOMIC FUTURE

I

PERHAPS the greatest of all internal problems after the war is that of providing ample employment at good wages for our people, or regarded from another angle, of securing prosperity to trade and industry. Some of the serious questions between Capital and Labour awaiting a settlement are dealt with in the following article. Much will depend on the method of their settlement. But they are only part of a far larger whole. There are other and even more fundamental problems of a financial and economic character, upon the successful solution of which rests the whole future of industry, trade and employment. The proper handling of them is so vital, and yet is likely to run counter to so many vague beliefs and ideas in the minds of all those unacquainted with the conditions of our economic and financial stability, that it is worth while to make some attempt in a broad and even crude way to state them simply.

There are many people who believe that we have during the war stumbled upon some new and easier way of living and earning our livelihood which renders many of the old doctrines of political economy obsolete. Notwithstanding the vast wastage of war they see apparent prosperity, full employment and high wages. If these things are done in the dry leaf, what may be done in the green?

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Should there, they ask, be any difficulty at all in peace-time in at least equalling our prosperity in war? It is true that we have learnt many lessons in war. We have learnt that we were at the least rich enough then to have devoted much more money than we did to education, health and other means of raising the standard of living. We have learnt that vast numbers of our people were earning wages barely sufficient to maintain even a low standard of health, far less physical well-being and comfort. We have learnt that the true wealth of a nation consists in a healthy, strong population, and in the utilisation of its material resources to that end. But unfortunately—as we shall find—we have discovered no new Aladdin's lamp, no new short cut to prosperity. Wages and profits depend as of yore on hard work, saving, efficient management, co-operation between Capital and Labour, and up-to-date plant. There is no inexhaustible fund of riches into which the State can dip its hands, and which it can distribute gratis to its citizens. Our wealth is what we produce and what we save. If we have wasted capital in war, we shall have to make it good. If our production is impeded and saving gives way to extravagance, profits and enterprise will decline and wages and employment with them. We must not be misled by the fallacious appearances of war. We have been enjoying the temporary prosperity of a spend-thrift, speeding towards bankruptcy. We have been living easy, because we have been living on our capital. We have imported from abroad hundreds of millions of pounds worth of materials more than we can afford: the war demands of the Government have created, without regard to cost, an unlimited purchasing power, which has been rendered effective by the raising of vast loans. Many of us—all who live on fixed salaries or incomes—are getting daily poorer, but in the main the community has been enjoying great apparent prosperity. It is the custom to argue that internal Government loans are no burden, since they represent merely money owed by one section of the

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community to another. But, even apart from their evil effects on credit, prices and our whole financial structure, this argument is fallacious. If for instance our war loans were so increased that to meet the interest bill the income tax had to be raised to 20s. in the £ the enterprise and initiative of all who were not holders of War Loan would be effectively sapped. Long before so extreme a point is reached, the heavy taxation involved acts as a serious hindrance to enterprise. Moreover it is not desirable that the nation should be divided into a rentier class living on the interest of its war debt on the one hand and the remainder of the population paying tribute to it on the other. For this reason alone and still more for reasons of a more strictly financial character mentioned hereafter, it is desirable that the State should as soon as possible bring an end to its borrowings, both internal and external. We shall then find that the hard lessons of the past apply also to our own days and that nations as well as individuals can make good only by work and saving.

II

THE war has naturally brought with it very great economic and financial changes. In general it may be said that the last four years show all the characteristics which in peace time, though in a less extravagant degree, accompany a period of great expansion, rapidly rising prices, and increased purchasing power. Industry has been at full blast; there has been ample work for all, and wages have rapidly increased. Unfortunately, too, conditions have been ideal for the "profiteer" large and small. There has been as a result an appearance of very great prosperity. But, as already stated, it is not generally recognised at what cost to our economic strength this superficial prosperity has been obtained. It would, indeed, be an extraordinary paradox if the gigantic waste of material

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which every day of this great war has caused had led in reality to increased wealth.

The main outward accompaniments of war conditions are, indeed, clear to everyone. Prices have risen since 1914 by over 100 per cent. As a correspondent in *The New Statesman* recently put it, "The John Bradbury note worth £1 when first issued is to-day when spent on food worth 8s. 9d." This rise in prices has been stimulated by the enormous Government war borrowings and spendings. With each rise greater supplies of currency and credit are needed; these in their turn by increasing general purchasing power raise prices. Credit, currency and prices have had a mutually stimulating effect. Many other factors, such as freights, the unlimited demands of war and scarcity of materials add their influence. Not only are prices over 100 per cent. higher, but owing to Government restrictions, Government subsidies, and other causes they are unstable. If trade were entirely unhampered and subsidies withdrawn, some prices—e.g., of bread—would rise. In general, prices would probably fall. A similar condition of very high prices exists in a greater or less degree in all belligerent countries and, indeed, in all neutral countries as well. But until more normal conditions return it is impossible to see whether our level of prices is higher than those ruling in other countries. High prices are especially burdensome to a great importing country such as Great Britain. The larger the country's imports in excess of its exports the greater the strain thrown upon it by a rise in prices.

In many instances wages have increased as much if not more than prices; in many others, not as much. In other instances, especially for comparatively unskilled munition work, wages far too high to be economically possible for similar classes of work in peace time are being paid. The normal standard rates of wages have disappeared and wages are as unstable as prices.

Another obvious and striking change has been the enor-

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mous increase both of currency and of banking deposits. In their report recently published the Committee on Currency and Foreign Exchanges estimate that legal tender in the United Kingdom has increased from £179,000,000 at the beginning of the war to £382,000,000 now, and banking deposits (excluding those of the Bank of England) from £1,070,000,000 to £1,742,000,000.

These figures would in normal peace times be regarded as evidence of a great increase in the wealth of the nation. But it is clear a similar deduction now would be misleading. Notwithstanding all the exceptional hard work and saving of the nation the vast waste of war has undoubtedly largely reduced our capital wealth. We have let our national plant run down ; our railways, roads, houses, and so forth have fallen into disrepair. We have, indeed, very largely suspended that general work of renewal and repair which, as noted elsewhere in *THE ROUND TABLE*, absorbs perhaps one-tenth of the country's economic energy every year. We have, moreover, disposed of a vast mass of wealth in the form of our foreign securities. Mr. Bonar Law has recently told us that we have sold or pledged to the United States practically the whole of our American Railway and Industrial investments, "the finest of our Foreign securities," amounting to about £600,000,000. But this is not nearly all. We have in addition incurred an enormous uncovered indebtedness abroad, rendered necessary by our purchases on our own and our Allies' behalf. Ever since the beginning of the war our imports have been abnormally high and our exports abnormally low ; at this moment our imports, according to official figures, are at the rate of over £700,000,000 a year more than our exports. What we can still set against that figure in the way of interest on capital invested abroad, freights, and other earnings it is impossible to say, but there can be no doubt that we are outrunning the constable to a very great extent. The consequence is seen in the huge debts which we have incurred to the United States and to

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neutrals in order to pay for them. The Chancellor of the Exchequer has recently stated that our debts to the United States will shortly reach the figure of £1,000,000,000, and unquestionably we owe great sums also to neutral countries. It is true that our Allies and ex-Allies owe us still more than we owe other countries, and that from that point of view our account still more than balances. But while we must reckon on having to meet all our obligations we cannot be so certain of our debtors. Russia's debt of £570,000,000 sterling does not look good, and there are others whom we may not wish to press.

What our real loss is no one can calculate with any great degree of accuracy. It has been estimated, however, that the country will have lost well over £2,000,000,000 sterling of its capital wealth, or, in other words, perhaps about one-seventh of its pre-war accumulations.

The war, therefore, while causing an enormous increase in credit and currency and the usual evidences of wealth, has actually greatly reduced our real wealth. Until we have restored it to its pre-war level our national income, and, therefore, our average prosperity will be less than before the war, and we shall suffer from all the inconveniences of a scarcity of capital.

The reduction in our capital has, indeed, serious consequences. Until it is restored the amount of wealth which the nation can produce is diminished. In other words, the national dividend, the sole source from which wages, interest, and profits are paid, is reduced. We may with good fortune rapidly replace our losses, but for the time being we shall be poorer. The smaller, too, the amount of capital—and by capital is not meant credit—the more restricted will be the opportunities for employment. And, lastly, the rate of interest which capital can secure from the total product of industry will be higher. All these are serious handicaps to the spread of greater well-being among the less fortunate sections of the

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population. They can only be removed by work and saving.

These great changes in the economic sphere have had a corresponding and serious reaction on our financial situation. Our vast foreign indebtedness, together with the inflation of credit and currency, has led inevitably to the entire suspension of the usual method by which we regulate the delicate working of our international financial machinery and our foreign exchanges. The pivot of all that machinery is the maintenance of the gold standard, the free import and export of gold, and in case of need, when the balance of our foreign account is against us, the raising of the Bank of England's rate of discount for the purpose of attracting gold from abroad and reducing trade and industrial activity at home. By these means we are accustomed to regulate our currency, our foreign exchanges, our level of internal credit, and our prices in relation to world prices. Since 1915 we have, however, been forced to regulate our foreign exchanges, not by the movement of gold or by the Bank of England's rate of discount, but by external borrowings. If these borrowings were to cease our exchanges would immediately collapse. Similarly, with the abandonment of the gold standard, the automatic maintenance of our currency at par value with gold has ceased, nor is there any means at present of testing whether, and, if so, to what extent it is depreciated; our level of prices at home is no longer kept automatically in harmony with external prices, nor is there any brake on the undue inflation of internal credit such as the Bank of England was previously able to apply through the raising of its rate, with its sobering effect on industrial activity.

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III

UNDER the inexorable pressure of war we have, therefore, been swept from our old financial moorings and, as the above very brief analysis sufficiently shows, we have under compulsion embarked on an uncharted sea which if pursued in after the arrival of peace might bring us to the unlimited evils of great over-expansion and currency depreciation, leading to an ultimate collapse. Every other belligerent, except perhaps the United States, is accompanying us on the same journey. Most of them, indeed, have advanced a great deal further along the road. Nearly every prolonged war has in the past produced in greater or less degree the same results, whether we take France during the revolutionary wars, England at the end of the Napoleonic era, or the United States after the Civil War. In all of them we see over-expansion of credit and currency, rising prices and depreciated exchanges, symptoms familiar also in the history of every South American Republic. An extreme example may be found to-day in the new Russian Republic, where, as the writer was recently told by a traveller fresh from Petrograd, the peasants now *weigh* instead of counting their paper money.

None of these evils was to be altogether avoided in this country in the last four years. But, if we are to recover financial health, they are to be remedied as soon as possible. That nation will recover quickest after the war which corrects soonest any depreciation in currency, reduces by production and saving its inflated credit, brings down its level of prices, and restores the free import and export of gold. These conditions, which are desirable for other nations, are to us, as the greatest importing and exporting nation and the financial centre of the world, essential.

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With all our wealth of financial knowledge and experience behind us it should be easy for us to steer the right path—though it will not be always a pleasant one—amongst the dangers of the future. Every consideration leads to the view that the restoration of the gold standard—whether or not it can be achieved quickly—should be our aim. Only by that means can we secure that our level of prices shall be as low as or lower than prices in other countries, and on that condition depends the recovery of our export trade and the prevention of excessive imports. Only by that means can we provide against and abolish the depreciation in our currency which, though the prohibition against dealings in gold prevents our measuring it, almost certainly exists, and safeguard ourselves against excessive grants of credit.

What then does the restoration of the gold standard involve? It involves some contraction at any rate of currency and credit, the cessation of great internal Government loans and Government borrowings abroad, the maintenance of high taxation to provide not only interest on War Loans, but a Sinking Fund for their reduction, the paying off by the public out of savings of the loans made to it by the banks, and the restriction of all unnecessary imports. It is not necessary to suppose that the process of contraction in this country need be very severe. It is unlikely that prices will for a long time, if ever, return to a pre-war level, and higher prices mean a higher level all round of credit and currency. Moreover, it is not certain that our prices even now are higher than those ruling in the other chief centres of the world. Some contraction, however, there must be. Contraction and falling prices are never altogether pleasant. It is not likely to be a period of buoyancy and elation, during which many new schemes are entered upon and when sometimes production makes a great bound forward. Profits artificially heightened by inflation are reduced by falling prices. The tendency towards rapid new development is checked. It is a period of digestion

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after too full a meal, and a period, too, when wages either fall or remain stationary. Nevertheless, if we can avoid serious troubles, financial and industrial, and guard against extensive unemployment, real wages, it is to be hoped, may remain as high as if not higher than before. Wages do not usually fall as far or as quickly as prices. Rising prices are good for the promoter and the industrialist : falling prices for the wage earner and those having fixed salaries and incomes. It is true that in a period of rising prices employment for the time being is plentiful and that the danger of falling prices is temporary lack of employment. While this is a danger which must be guarded against, it is not to be avoided by the opposite policy of inflation, which while perhaps giving us a further period of feverish activity would ultimately lead to troubles from which our industry might not recover for years. There is no cure save through the increase of our national capital and our national dividend. If both are smaller than before the war, the amount available for labour and capital is smaller.

This is the hard truth which should be grasped firmly by our statesmen and politicians. There is a widespread opinion in favour of great extensions of credit and of vast schemes of Government expenditure. State guaranteed credit is to be the panacea which is to free us from all danger of stagnation and unemployment. This indeed is a seductive doctrine which has often led statesmen and legislators into a quagmire, and pressure in these directions will probably be strong.

It will be enforced by the very real and urgent necessity of providing employment for vast masses of men and women and by great and attractive schemes of reconstruction. Employment requires industry to be active, and industry is likely to say that the only thing required for activity is credit. That it must have sufficient credit goes without saying. But we should beware of the dangers we are running and guard against them. The buoyant optimism, which perhaps is the outstanding quality of

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Mr. Lloyd George, will unquestionably chafe at ideas of "contraction." But let him remember that he cannot avoid the operation of economic laws by ignoring them and that all history shows that the punishment of violating them is inexorable.

We may indeed expect to see revived and adapted to modern circumstances all the old controversies between the "cheap money men" and the "dear money men," between "contractionists" and "expansionists." In every age there have been many to urge that the remedy of such evils is not the painful process of contraction, but a further extension of credit and further issues of currency. Thus in Revolutionary France, Mirabeau passionately demanded the further issue of "assignats." Were they not secured on "real property, the most secure of all possessions, the soil on which we tread"? Just as in our day we are urged that the first and last condition of reconstruction and the restoration of credit is the grant of unlimited advances under State guarantee against War Loan, "the premier British security." Mirabeau's policy was pursued until a pair of boots cost over £100 in the depreciated currency. Then the collapse came. In this country the inflation and depreciation resulting from the Napoleonic Wars were far less. But depreciation existed and a fierce battle ensued between those who denied inflation and those who demanded restriction, the victory ultimately resting with the latter. In the United States the Civil War between North and South left the currency immensely depreciated. Congress wavered too long before steeling itself to the inevitable measures. "The Government's financial recklessness was readily imitated by the community at large: debt was the order of the day in the affairs of both." "In 1873 this house of cards collapsed." "American prices, long out of joint with the markets of the world," fell to a normal level. "With the bursting of the bubble of inflated debt and inflated prices the excessive importations ceased." *

* *Forty Years of American Finance*, A. D. Noyes.

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"A disordered currency," said Daniel Webster, "is one of the greatest political evils." "Ordinary tyranny oppression, excessive taxation, these bear lightly on the happiness of the mass of the community compared with fraudulent currencies and the robberies committed by a depreciated paper."

It may be objected that no one proposes to depreciate our currency. But a further over-extension of credit would undoubtedly tend towards it. It is true that the over-manufacture of credit is by no means so fatal as the over-manufacture of inconvertible paper money. A Government has neither to put up security nor pay interest on paper money. A customer who demands credit from his bank must do both. Moreover a customer is under pressure to repay or reduce his loan. A Government can only withdraw paper money with difficulty and by a complete reversal of policy. Nevertheless an extension of credit, sufficient by increasing purchasing power again to raise prices, will involve an increase in currency and result in its further depreciation with all its evils and dangers.

Moreover, admitting as everyone will the necessity of credit for legitimate and productive objects after peace, we should still not delude ourselves into the belief that to create credit is to create wealth. However much we create credit we do not thereby create food or ships or raw materials. Credit is a means, and an invaluable means, of enabling us to utilise existing capital and wealth to the best advantage. But the real factors of production are labour and capital, and our creation of credit must bear relation to the amount of both available. The amount of capital—*i.e.*, food, raw materials, manufactured articles, etc.—which we have in this country or shall be rich enough to obtain from abroad will probably be for some time more limited than before the war.

For the same reason we cannot permanently reduce the rate of interest by increasing the supply of credit. We may make "short" money easy. But the rate for permanent

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capital is determined by the supply and demand of real capital, not of credit.

Those who insist on the importance of credit to the exclusion of all other factors ignore and are inclined even to deny one cardinal point, namely, the intimate relation between our internal and our external problems.

We shall still perhaps be the greatest importing and exporting nation in the world. On the prosperity of our foreign trade depends the prosperity of our home trade. If our foreign trade fails to revive, we shall have much unemployment, reduced purchasing power among our people and stagnation. Our foreign trade is vitally influenced through the medium of prices, which is the link between our internal and external problems. If by an over-extension of credit internal prices rise, a danger especially to be feared since increased purchasing power would be exerted on a limited supply of materials, imports would be encouraged, exports impeded and extravagance stimulated. Our foreign exchanges would move more and more against us and we should be driven farther and farther away from a return to the gold standard. Ultimately, when we could no longer find means to pay for our imports, the whole structure would collapse. Our recovery after the war depends largely on the level of our prices being down to or below those prevailing in other countries. Whatever course tends to increase them will be found prejudicial.

IV

THE aim of the foregoing pages has been to bring into prominence certain principles which must guide our financial policy after the war rather than to lay down the exact measures which will have to be taken. As the Report, just issued, of the Committee on Currency and Foreign Exchanges states :

These will depend upon a variety of conditions which cannot be

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foreseen, in particular the general movements of world prices and the currency policy adopted by other countries. But it will be clear that the conditions necessary to the maintenance of an effective gold standard in this country no longer exist, and it is imperative that they should be restored without delay. After the war our gold holdings will no longer be protected by the submarine danger, and it will not be possible indefinitely to continue to support the exchanges with foreign countries by borrowing abroad. Unless the machinery which long experience has shown to be the only effective remedy for an adverse balance of trade and an undue growth of credit is once more brought into play there will be very grave danger of a credit expansion in this country and a foreign drain of gold which might jeopardise the convertibility of our note issue and the international trade position of the country. The uncertainty of the monetary situation will handicap our industry, our position as an international financial centre will suffer, and our general commercial status in the eyes of the world will be lowered. We are glad to find that there was no difference of opinion among the witnesses who appeared before us as to the vital importance of these matters.

While the unknown factors, of which account will have to be taken, are numerous, the general direction of the goal at which we must aim is clear. Nevertheless that goal is likely to be difficult to reach, and in any case must, it is probable, be approached only gradually. The problem of the immediate employment of some eight or nine millions of munition workers and soldiers will be so vast and pressing and the results of failure possibly so calamitous that the ulterior consequences of any means which may appear momentarily efficacious will run the risk of being disregarded. The Government will be urged to raise large sums for State undertakings and public works of every description; industry will claim that its capacity to provide employment depends merely on the grant to it of exceptional credit; Labour is likely to protest against any policy which may involve not merely a fall in prices but also a fall in nominal wages, even though real wages do not fall at all.

While our statesmen should allow no pressure to weaken their grasp on the fundamental conditions of our financial and industrial prosperity as outlined above, it is obvious that a policy involving changes in existing conditions must

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be gradual. Violent changes are destructive of industry and trade. Confidence is the basis of credit. With instability confidence disappears, legitimate trade and commerce cease and speculation takes their place. The equilibrium between production and purchasing power, on which stability depends, is difficult enough to maintain even in normal times. The war equilibrium is wholly artificial, and a normal peace equilibrium will be extremely difficult to attain without violent oscillations caused by abnormal conditions both in our own and other countries. A too rapid fall in prices might produce both an industrial and a social crisis. The return to more normal conditions, while deliberately pursued, should accordingly be gradual. Government expenditure will inevitably be very large for some time to come, and Government loans may be required for large public undertakings. A good deal of expenditure of this kind can hardly be avoided notwithstanding the urgent necessity for the cessation of Government borrowing or at least its reduction to the narrowest limits. But we should embark upon it with our eyes open, and it should be carefully scrutinised to insure that it is not merely not wasteful but really reproductive socially and economically.

Similarly, in the case of credit facilities, it would be foolish to seek to reduce over-expansion at once by refusing to industry what it legitimately requires. Our banking institutions must be ready for considerable demands. It is true that British industry has had enormous sums spent on it during the war and has, in many ways, been entirely renewed. But large sums will no doubt be required to re-equip it as a peace and not a war machine. Whether credit in sufficient amounts will be available from existing institutions is a matter on which opinions may differ. In view of the limited supplies of materials in many directions, and probably the world's reduced purchasing power in many directions also, there is a risk of exaggerating what will be required. Over-production and a glut is to be

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avoided as much as under-production, and there seems no good reason why existing credit institutions should not be able to provide all reasonable banking facilities. Their ability in this direction will depend largely on the reduction by the Government of its floating debt, which the banks hold in large amounts, and on the saving powers of the community, enabling it to repay advances made by them.

The question of the supply of permanent capital on a large scale to British industry is somewhat different. It has been argued before in *THE ROUND TABLE* that the financial machinery of London is not particularly well adapted for assisting large-scale British industry to get into touch with the British investor. It was urged that there was room for one or more institutions which should devote themselves more particularly to the financing of British industry and the issuing of industrial securities to the British investor. Large new institutions have since been created, but whether they propose to attempt to fill this particular gap appears uncertain.

Much will depend on the attitude of the British investor towards industry. For a good many years he has preferred foreign and colonial rather than home industrial securities. If he is convinced that British industry will henceforth offer a secure and attractive field, sufficient capital should be forthcoming. If, on the other hand, troubles between labour and capital, restriction of output, undue Government interference and the handicap of a profits tax, which, at any rate as at present constituted, is equally harmful both to labour and capital, render investment both insecure and unprofitable, industry will undoubtedly suffer from lack of capital and a very high rate of interest. It is to the interest of all parties to prevent this misfortune, since industry must look in the main for its money not to Government loans or temporary banking credits, but to the savings of the investor.

The most difficult problem before us, and the one which may most retard any return to a free gold market,

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is our foreign indebtedness. It is on the settlement of this question that the condition of our foreign exchanges will in the main depend. A free gold market immediately after the war might result in all our gold being drained away at once to meet the enormous claims of foreign nations upon us. It will require time to settle the most pressing of them and to arrange that so far as possible the repayment of a great part is postponed till a more convenient season.

If, as one may hope, this question can be treated in a broad and satisfactory way both by the Governments and the banking institutions concerned, the greatest obstacle to a speedy recovery of our exchanges would be removed.

V

THE task before Governments and Parliaments in the next few years in following the strait and narrow way in finance is not likely to be an easy one. But the danger that they may fall into temptation is not by any means the only one ahead of us. While a bad financial policy may easily ruin the most industrious and thrifty nation, a sound one will not of itself achieve anything without effort and sacrifice on the part of all. Our financial prosperity is not to be secured by any juggling. It depends in the last resort on the nation having a surplus of income over expenditure, of production over consumption —on its repairing by economy and hard work the losses and waste of war.

It is doubtful whether our minds are sufficiently prepared for the difficult times in store for us, whether, indeed, as a whole, we are not in blissful ignorance of the efforts and sacrifices which we shall all be called upon to make. The foundations of our economic structure are clear to very few, and the experience of the great bulk of the population during the war has been such as entirely to mislead them as to its economic consequences. Our

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national wealth is much less, but our people have much greater expectations. They are not aware that their easier times during the war have been made possible only by the most spendthrift—necessarily spendthrift—course. They are far from foreseeing that it will be harder, not easier, for a time at any rate, than it was before to maintain the pre-war standard of life, and that no change, however radical, towards socialism or national guilds or any other alleged means of securing a better distribution of wealth as apart from its production can alter this hard fact. It is of the first importance that the main elements of the economic problem should, if possible, be brought home to them.

The Chancellor of the Exchequer has recently informed us that before the war our total national income was estimated at roughly £7,000,000 a day, or, divided equally among 45,000,000 men, women, and children, about 3s. 4d. per day per head. The great rise in prices would by now have perhaps doubled this sum measured in money. But the real income measured in goods is not more, but less, since our production of peace goods together with what we buy or secure as tribute from other nations will be less than it was before the war. If, therefore, our national income were absolutely equally divided something over 3s. a day at pre-war prices is what we should each get ; that is all we obtain by our productive efforts, or as a return for capital or services lent to other nations. It is not a princely sum ; it would, indeed, be for a great many people a good deal more than they get now ; for a good many a little less ; for a good many more vastly less. Even that sum can only be obtained if our productive effort is as large as it was before the war. If we work less hard, or reduce production by internal strife, we shall get less.

The efforts of most reformers, radical and otherwise, are bent at present on the better distribution of wealth, an aim which will have everyone's sympathy. It is essential that we should secure a fair standard of life to everyone

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who will work. But there is a danger that the movement against capital and enterprise, against interests and profits, which is so widespread among the workers to-day, will lead them into courses fatal to themselves and the whole community. It is not surprising that the distribution of wealth should appear to them more important by far than its production. Their gain from increased production is often small, while their resentment has been fanned during the war by flagrant "profiteering," for which conditions have given such ample opportunity. Yet it may be urged with great force that the distribution problem can only be successfully tackled through that of production, and that if labour thinks only of distribution and forgets production we shall have little chance of recovery. The best distribution in the world—if an equal distribution is the best—would give us each something over 3s. a day (at pre-war prices). If profits are reduced till there is no incentive to enterprise, and the return on capital is reduced till there is no incentive to saving, the national income will be immediately and disastrously reduced, and the average savings per head with it. The consequences of thinking only of the distribution of wealth as distinct from production is seen at this moment in Russia, where the great proportion of factories is likely before long to be closed, and the town population at any rate to be without the necessities of a civilised life. Russia is not an industrial state. The great bulk of its population is agricultural and can itself produce the primary necessities of food and clothing. It can therefore live its simple life, even under Bolshevik anarchy. But a similar experience would reduce a highly organised industrial and importing community like ours after a few weeks to general ruin and starvation.

The corollary of better production is increased saving, so that we may economise our consumption of what we produce, and thus increase our exports, diminish our imports, and so re-establish our financial position. We have always been a wasteful nation, and while the war

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has wrought a great change in the nation's habits of thrift there is still room for much improvement both among the general community and also in government departments. Wastefulness by the rich is much more blameworthy than wastefulness by the poor. The poor damage themselves ; the rich damage others, not themselves. It behoves the rich, therefore, to set the proper example. A study of Mr. Hartley Withers's excellent book *Poverty and Waste* is recommended to everyone who regards extravagance as beneficial to the community.

But for the less well-off, too, economy is, in their own interests, imperative. It is a matter of first-class importance to make permanent these habits of saving which the National War Savings Movement has done so much to create. It is useless to hope for better distribution, if higher wages mean merely extravagance. That is the certain way of making the rich richer and the poor poorer. The wealth which the wage-earners earn is immediately diverted again into the pockets of the capitalists, great and small.

There should be some easy and attractive method of investing small savings, and there seems every reason, therefore, why the Government should continue permanently its machinery for encouraging saving and investment in Government securities.

There are to-day 17,000,000 persons each possessing Government securities of one kind or another. It is important that these persons should all continue the habit of investment so formed, that their number should be increased, and that the opportunities offered them during the war should be continued.

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VI

THE whole nation is looking forward with eagerness to a bold, far-reaching and effective policy of reconstruction. There is so much that urgently requires doing. An improvement in the often wretched and disgraceful conditions of housing, upon which all other reforms largely depend, higher wages, a higher standard of life in general, a permanent improvement in agriculture, great schemes of industrial development, all these are urgently called for, nearly all of them absolutely necessary. To many who earnestly desire to see established at once "a new heaven, and a new earth" it will be distasteful to face the financial and economic difficulties which have been outlined in the preceding pages. Yet, since they cannot be evaded, our success in reconstruction depends on our facing them, learning the salutary lessons they teach us, and then overcoming them. There is no need for pessimism. They can be overcome, but only on one condition. Mr. Lloyd George, to whom our country owes an immeasurable debt, is stimulating us with a great hope, a hope for a better and happier life for all. Let him use his great power to impress equally strongly upon his countrymen that this hope can never be fulfilled except by sacrifices, and by hard work, by every labourer being worthy of his hire. The greatest sacrifices—measured at any rate in worldly wealth—must be made by the rich. The heavy burdens to be borne must be shared according to the ability to bear them. But that is only the beginning. The reconstruction of our national life is not a matter of "ninepence for fourpence." It can only be secured by the joint efforts of a united nation.

INDUSTRIAL RECONSTRUCTION AND THE GOVERNMENT

I. THE TASK OF RECONSTRUCTION

THE outward aspect of industry has changed little during the war ; there is a danger that the country may not realise, or not realise in time, how profound and far-reaching have been the changes in the purpose, direction and control of industry. The danger is a grave one, and the need of realisation is urgent, because the task of reconstruction arises from these changes and is conditioned by them ; and with the coming of peace the problem of reconstruction can no longer be deferred.

It needs only a little reflection to realise how abnormal the present condition of industry is and how complex and critical is the business of restoring it to a normal condition. A third of the working population has been taken from industry and commerce into the combatant forces. Industry, deprived of so many of its best workers, has been called on to supply in overwhelming quantity the abnormal needs of a country at war. The normal needs of the civilian population have been met in a way ; but supplies have been curtailed, luxuries eliminated, and prices and distribution subjected to a novel form of State control. Markets have been changed or lost ; normal commercial methods and relations have been suspended ; firms and even industries have adapted their plant and trained their staffs to the production of novel

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commodities to meet a transient war need. The normal process of repair and renewal, which absorbs perhaps a tenth of the country's economic energy every year, has been largely suspended ; the normal process of saving, which adds to the country's resources the equivalent of 20 per cent. of the national income in normal years, has been stimulated, but the proceeds applied, not to increasing our stocks of goods, instruments of manufacture and transport, or holdings of foreign securities, but entirely to meeting the current need for munitions of war. A great extension of plant has, it is true, been made during the war, but much of it is specialised to war needs and can be adapted to the purposes of peace only at considerable cost.

The wholesale diversion of industry from its normal purposes was assisted and accompanied by an ever-extending State control. This control was designed to serve, not the normal needs of the community, but solely the supreme, yet temporary, purpose of the war. Thus the normal adjustment of prices to changing habits of consumption and changing methods of production, of industry and commerce to market changes, of wages to cost of living and changes in the methods and objects of industry, has been interrupted for four years or more ; and this automatic control of industry has not been replaced by any conscious social control that was framed with normal needs in view.

It is a not uncommon experience for a district or industry to suffer depression and unemployment from the loss or partial loss of a market ; the cause may be a hostile tariff, the invention of a cheaper substitute, a change of fashion, or a collapse of credit. The country is about to be faced with a situation in which most of the districts and most of the industries of the country will lose the best of their markets and will have to find new outlets for their products. This change they will have to make at a time when their capital resources are exhausted and credit is expanded

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to an extent it has never reached before ; and the change coincides with the need of reabsorbing in industry a third of the working population of the country from the combatant forces. It is no case for panic or even for anxiety. The situation differs from an ordinary crisis or depression, inasmuch as it is foreseen and can be prepared for ; indeed, confidence in the country's ability to surmount it affords the best assurance that the country will surmount it, since the possibility of a prompt and effective turnover of industry depends more than anything else on credit, the basis of which is confidence. But it is a situation that the country must face ; it is as critical as the situation that faced industry when first the country realised the economic implications of modern war. And, while the stakes are not loaded as they were when an error might involve the country in military defeat, the problem lacks one unifying element that enormously simplified the war problem ; no common aim, clearly conceived and generally accepted, unites the nation in reconstruction as it did in war ; there exists no standard of urgency by which conflicting claims can be judged, such as existed when the prosecution of the war overrode every other consideration.

II. THE IMMEDIATE PROBLEM

DEMOBILISATION, the element in the reconstruction problem that has attracted most attention, is not the most difficult element. It promises to be an immense and complicated administrative piece of work, but the factors are under control, and provision has been made well ahead. The first principle upon which the scheme is based is that those men shall be released first who have employment promised, and machinery exists for canvassing both men and employers to ensure that neither is kept waiting ; the second principle is that priority shall be given to those crafts and trades on which most depends, and

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representative industrial associations are being consulted in the preparation of priority lists. There will remain a margin of men for whom no jobs are waiting ; the ordinary Employment Exchange organisation has been strengthened by the appointment of Local Advisory Committees in order to assist them to find work, and a paid-up unemployment insurance policy, affording a rate of benefit considerably higher than the meagre allowance of the pre-war scheme, should give men time to look round and should act as a cushion to soften the fall from the certainties of Army pay and allowances onto the difficulties of the ordinary labour market. The resettlement of temporary war-workers will be dealt with on similar lines, the difficulties being rather greater, because a very much smaller proportion have jobs waiting for them, so that the margin of uncertainty, for which no provision more exact than an unemployment insurance policy can be made, is much greater.

But demobilisation and resettlement are only an aspect, the labour aspect, of the general problem of redirecting industry to the purposes of peace. The chief responsibility for this rests, and must rest, on the managements of the individual firms that constitute our industries. In spite of every extension of State control the basis of our industrial organisation is still private enterprise. With the merchants and manufacturers, not the Government, rests the duty of finding new civilian markets to replace the Government's war demand and of adapting plant and organisation now engaged on war work to production for civilian consumption. And it is well that the responsibility does rest there. The variety of peace needs is so great, the conditions of different markets so complicated, and the possibilities of any adaptation subject to so many technical and commercial considerations that one wants all the initiative that the much-abused profit-motive can inspire in all the individuals who can possibly take a share in getting industry back to its normal uses, if the turnover is to be effected in this generation. The concentration

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of initiative in the hands of a few highly placed officials and the rigid administration in accordance with rule that characterise Government action were developed for different work and would only hamper the accomplishment of a task like this.

This is not to say that the Government has not an important part to play in this turnover of industry. Not only do prompt demobilisation and resettlement, without which industry will undertake the herculean task before it with inadequate staffs, depend on the competence of Government administration, but the lines within which private enterprise will run will be laid down by Government. The control of essential materials, forced on the Government by the needs of war, cannot be relinquished so long as the shortage due to war continues. The same is true of shipping. Railways and coal-mines are under State control, though the layman sees little change as a result. The issue of new capital is restricted. Credit is on an abnormal basis. Contracts will not be given or taken and ordinary commercial exchanges resumed, until reliable knowledge can be substituted for the present guess-work under all these heads. Raw materials have formed the staple of the Minister of Reconstruction's public utterances ; it is a matter of urgency that he let the users of raw materials know with some definiteness what supplies will be available, and on what conditions, what will be the machinery of rationing and how far price control will extend. So, too, with transport facilities and coal ; it is of much more immediate importance to estimate and make known how soon the present restrictions may be expected to disappear than to decide whether they shall revert to their pre-war ownerships or be nationalised. Credit facilities are under consideration by a committee ; provided that no one builds any hopes on this committee's recommendation and the banks do not allow its existence to interfere with their normal activities, it need do no harm ; but the suggestion that the Government may "do something" when it reports

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may deter some individuals from relying on themselves and utilising existing facilities to the full. The Committee on Currency fortunately has issued an interim report, recommending a restoration of the gold basis as soon as possible ; it is important that the Government should approve this report, and so eliminate a most dangerous element of uncertainty in the calculation of the economic future. It is believed that the Ministry of Reconstruction has prepared such estimates of future supplies and facilities as are possible ; and certainly no Government ever had such powers of ascertaining exactly the economic resources of a country and estimating the future. This knowledge and these estimates are needed by the people who direct industry to provide a basis for prices on which contracts can be given and taken, and production for peace put in hand.

The Government can lessen the uncertainty that is hampering enterprise in another way. There has been a great deal of loose talk during the war about "key industries," "basic trades," an "economic war after the war," and the like. Business men, who do not know just how much weight to attach to the utterances of journalists and minor politicians, have had their hopes raised ; without perhaps being ready to stake their capital on their expectations, they are in many cases counting on protective tariffs, subsidies in one form or another, and preference in markets controlled by the Imperial Government, and are holding their hand ; having made one fortune out of the War, they hope to make a second out of the Peace. Now British industry has flourished under Free Trade ; it would probably flourish under Protection ; it has vitality and adaptability enough to adjust itself to any reasonable fiscal system, but no industry can flourish under uncertainty. If the Government has in mind a return to Protection or some substitute for the systems of Protection that were advocated before the war, let it declare its intentions plainly, and give the men whose economic future will be

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affected an opportunity of gauging their prospects. Any avoidable uncertainty that is delaying the attack on the post-war problem is an evil.

One other factor in the post-war problem calls for treatment : the prospects of industrial peace. Nothing could be more disastrous to the chances of a smooth transition than a general outbreak of industrial strife. Yet there is a grave danger of such an outbreak ; at least, it will require qualities of statesmanship in employers and trade union leaders if one is to be avoided. The war, it has been pointed out, has interrupted the normal adjustment of wages to industrial change ; at the same time it has stimulated industrial change. The introduction under departmental pressure of ill-considered and hastily devised systems of payment by results in industries which normally worked on time, the Government pledge to maintain rates, the introduction of women and other unskilled and semi-skilled workers to skilled men's work, together have upset all pre-existing wage-standards and relations between the standards of different grades and classes, without establishing any new system of standards and relations that is generally accepted in their place.

Now, industrial peace is bound up with the existence of clearly defined and generally accepted standard rates ; standard rates are the chief factor making for order in the field of industrial relations. The ordinary worker regards himself as ill or well-treated according as he does not or does get his full standard rate and that rate does not or does keep pace with the rates in comparable occupations ; like most other people, he judges his position, not absolutely, but by comparison with others. Abolish the standard rate, and industry becomes a chaos of individual bargaining in which every employer and every workman goes his own way and makes the best terms for himself, irrespective of the reaction of his conduct on the trade of which he is a member ; and the normally conservative and settled artisan becomes a discontented nomad, ever moving from

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job to job in the hope of securing an extra penny an hour. It is hardly an exaggeration to say that this is what has happened in the engineering group of industries during the war, and these industries will not be able to settle down with any prospect of peace to the task of production for which their efforts are so much needed, until a new system of standard rates has been established, which recognises the relative claims of different grades of skill and classes of work, and is based, not on the exceptional economic conditions of war, but on the relative indispensability for the ordinary purposes of peace of the labour for which the wages are paid. The problem, it should be noted, is one that must be faced whether Government control continue or cease and whether the employer is a private individual or the private employer has been replaced by the State or some other public organisation ; the different grades will still press their claims and insist on what they consider to be their rights.

A related problem is the future of the regulations and customs by which the skilled unions in the past have buttressed their standard rates. Here the Government has a more immediate and pressing responsibility. In response to the Government's appeal the skilled unions agreed to suspend certain regulations and practices governing the allocation of work, the methods of remuneration, the relation of employers to the union, the entry to the trade, and other factors in the control of wages. These regulations and practices were the principal safeguards on which the workmen affected relied for economic security ; they gave the wage-earner the same partial control over his economic fate as the regulations of the learned professions give the professional man, or market customs and price agreements give to the merchant and manufacturer. The war has submerged them ; there will be no peace in industry until they are re-established, or regulations which will be accepted by the men concerned as affording equivalent security are established in their

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stead. And the Government is pledged to effect this restoration.

Literal restoration is unthinkable. Not only would it involve the sacrifice of a large part of the technical progress made during the war ; but it would sacrifice the interests of a large number of women and unskilled men, whose services have been of the utmost value to the State during the war, and who have a corresponding claim on the State after the war. But the pledge is quite definite and must be redeemed, and the only people who can vary its terms are the unions to whom it was given. The delay of the Government in introducing a bill to establish a proper legal procedure for enforcing restoration or substituted conditions is inexplicable. Until the pledges are secure, the unions will enter into no negotiations for substituted conditions ; until new agreements are negotiated, it is impossible to settle wage-rates or any other conditions of employment. The delay is a serious obstacle to the resumption of normal work and a menace to industrial peace.

The immediate responsibility of the Government will be discharged when it has passed the Pledges Bill. The Pledges Bill by itself, however, will solve no problem ; it will merely clear the way. The negotiation of new conditions, like the establishment of new wage-rates, is a matter that must be left to the people in industry. The Government, however, is bound to see that the people in industry discharge their responsibility in these respects, and it can aid them. Compulsory arbitration is suggested, since it is a disorderly procedure that leaves the parties to industrial disputes to be the judges in their own cause and to settle their differences by the appeal to force ; but compulsory arbitration has failed to prevent strikes during the war, and it would be bitterly resented if extended into peace. The offer of arbitration facilities to trades that agree voluntarily to go to arbitration is on a different footing, and would be welcomed in many trades. As conciliators again Government officials could do useful work, and the

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Conciliation Act should be amended to enable the Ministry of Labour to approach the parties to a dispute without waiting for an invitation. A third way in which the Government could prevent avoidable stoppages is by taking powers, on the Canadian model, to investigate and report on disputes.

The difficulty in the way of compulsory arbitration is that the parties to disputes are not agreed on the principles that should be applied to judging their dispute, and until agreement on principles is reached it is impossible to apply judicial settlement to economic differences. But voluntary arbitration and conciliation have a different object ; they aim merely at estimating the economic forces in conflict and at ascertaining without a stoppage the terms on which the dispute would otherwise be settled after a stoppage. It is a humbler office than the establishment of justice ; but the establishment of justice in the economic field must await an agreed definition of economic justice ; meanwhile the prevention of unnecessary stoppages is an object worth pursuing. Before the war the Chief Industrial Commissioner's Department was remarkably successful in this work of conciliation and voluntary arbitration. Its influence has largely been dissipated by placing upon it during the war a large part of the work of compulsory arbitration, and the influence of the Government generally over wages has been undermined by the confusion of arbitration in the sense defined above with the control of wages through awards of arbitration authorities, which are given not solely in accordance with the evidence in the particular case before them, but in accordance with principles laid down by administrative authorities. The establishment of an arbitration authority as independent of all administrative departments as are the Courts of Law would do much to restore the Government's influence.

The Alleged Reaction against the State

III. THE ALLEGED REACTION AGAINST THE STATE

THE restoration of the *status quo* in industry is as difficult as it would be in the political organisation of Europe. Is it not as undesirable? With all its suffering the war has been an opportunity. If statesmen are true to the principles for which we have fought, the new Europe and the new world will be better than the old. Will the same be true of industry? On the possibility of this, on the thought that industry is plastic and can be given a new shape, rests the hope that makes of reconstruction an ideal and not merely a toilsome restoration of an unsatisfactory past. This hope is likely to be disappointed.

The one condition on which such a veritable reconstruction of industry would be possible is a clearly conceived and widely held ideal. There is no trace of such an ideal in the speeches of ministers or the papers that the people read. There never was a time, it is true, when there was a greater wealth of political speculation, and a dozen organs, taken by a few thousand people each, have each a social ideal and programme of reconstruction to offer. One idea alone, offering a general principle of reconstruction, has attracted support from all classes and parties, and even this requires treatment here only because it seems to have received official approval from the Ministers and Departments charged with the task of reconstruction in industry. This idea is the idea of industrial devolution, or industrial self-government, as a substitute for State regulation of industry.

We are continually assured that there is a reaction against the State. A leading tendency in political theory before the war was to deny the identity of State and community and to assert the comparable authority of other embodiments of the social will such as the trade union and the Church. The Prussian example has strengthened the

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tendency. The same tendency of thought took a popular form in the outcry against bureaucracy and officialism, and (in other quarters) against the Servile State. The outcry has been increased by the developments of the war. The war has brought with it an immense extension of State control, against which every class—employers, middlemen, workpeople, consumers—have protested at some time or other. Industrial devolution, or industrial self-government, is offered as a better way of securing the ends of State interference, while satisfying claims that the State could never satisfy.

If practicable, such a development is obviously desirable. The larger part of the problems of domestic politics are now industrial problems, that require for their solution the knowledge and experience of the people most affected, the people in industry itself. Departmental action under statutory powers, on the other hand, must always have a quality of harshness ; to confine itself within its statutory limits it must be guided by rules, rules can never allow for all the intricacies and individual susceptibilities of industry, yet there must be no exceptions. The "wooden" character of departmental action and its tendency to "forms" are often laughed at ; what is not recognised is that such rules and records are the only way of maintaining the responsibility of the official to the people through Parliament and so preventing the arbitrariness of the irresponsible bureaucrat. Devolution is needed to relieve the congestion of work under which Cabinet and Parliament labour at present. Self-government again seems to offer the easiest way of satisfying the cry for liberty and self-determination in industry. Modern industry involves the aggregation of workers in large units and their subordination to discipline in order to ensure co-ordination in the work of production ; this discipline should be self-imposed and the authority of the industrial officer exercised not arbitrarily, but in accordance with laws made by the industry itself. The demand for indus-

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trial devolution has the same motives and objects as the demand for territorial devolution ; it is significant that Mr. Wells, in his pamphlet on the Elements of Reconstruction, emphasises the necessity of the former as against the latter.

The demand has received a large measure of recognition. The most important recent developments in trade union organisation have been in the direction of industrial unionism, and the chief advocates of industrial unionism make industrial self-government their aim. The proposal has been put forward to create Trade Parliaments with an Industrial Franchise, and the author of the proposal is now at one and the same time an important official of the Ministry of Reconstruction and Chairman of the Industrial Reconstruction Council established to promote industrial self-government in this sense. The one important reconstruction proposal which the Government has so far adopted in the field of industrial relations, the Whitley Committee's recommendation of Joint Standing Industrial Councils, is obviously intended to meet the same claim, and the Councils have been promised a semi-official status. In some cases the proposals of the Whitley Report and the analogous scheme of Interim Reconstruction Committees have been used by employers to block proposals to regulate wages by a statutory Trade Board ; at a conference of the jute trade in Dundee a representative of the Ministry of Reconstruction seems to have countenanced this line of policy.* The desire to throw the responsibility for the settlement of industrial problems on to industry itself may also explain a certain nervousness in the Government, who seem to be afraid to deal with any industrial question themselves and remit every question that comes up to a committee. The avenues of reconstruction are blocked by committees.

It is necessary to be quite clear what is meant by Devolution, because there is a danger that the demand for self-

* See report in *Dundee Advertiser* for August 20th.

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determination is being used as a cloak for a reaction towards *laissez-faire*. Certainly the reaction against the State cannot be taken at its face value. The State interferences to which employers objected were different from the interferences to which Labour objected. The most unpopular measure with Labour was the Leaving Certificate regulation, which won for the first Munitions of War Act the title of "The Slavery Act"; no provision was more popular with employers. Labour, on the other hand, demanded the limitation of employers' profits and control of employers' establishments as the price of dilution. Moreover, the very employers who are protesting against one form of State interference are asking in many cases for Protection, a most drastic though different form of State interference; while the workmen who secured the repeal of Section 7 of the Munitions Act are pressing more vigorously than ever for the nationalisation of the transport and mining industries. The truth is that State interference is the most effective weapon for securing your end provided that it is directed to that end; and, since there is no need for it unless a minority has to be coerced, it is bound to be unpopular with some one. In any case the experiences of the war period do not afford a fair test of Government action, since the Government was engaged on an abnormal task with an improvised staff under conditions that gave inadequate opportunity for thinking out and testing policy.

The true nature of Devolution is seen in its territorial applications. A representative body would hardly be described as a devolutionary authority unless it had, first, the power of making regulations or by-laws that could be enforced; and, secondly, it had within its limited field a *general* authority. The demand for industrial devolution is in effect this; that the representative body of each industry shall have devolved upon it, first, the regulating functions at present exercised by the departments of State, and, secondly, the right of extending and revising such

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regulations. Since no one suggests that industrial organisations should be limited in their practice of voluntary agreement, it is only when objection is raised against State regulation alongside of voluntary agreement, or the demand is made for powers to enforce voluntary agreements, that any novel principle is introduced.

Devolution, in any full sense such as this, is difficult of application to industry. The first difficulty is that of demarcating the respective spheres of different Industrial Councils or Trade Parliaments. It is easy to see that certain units constitute an industrial group, *e.g.*, the textile group, others a subordinate group, *e.g.*, the woollen industry, others a subordinate group again, *e.g.*, the dyeing and finishing or the spinning industry. Where should the line be drawn for the purpose of industrial representation? Is engineering an industry? or an industrial group, with agricultural machinery, motors, textile machinery, and electrical engineering as independent industries? The community of interests of a number of industrial units varies for different purposes, and a grouping that will serve for one purpose will be inadequate for another. Thus we have a Textile Institute, a Wool Textile Association, a Spinners' Federation; an Engineering Employers' Federation, a British Electrical and Allied Trades Association, and some scores of craft unions—different groupings of the same units for different purposes. Again, industries overlap. English railway companies engage in locomotive engine-building, catering, and the management of docks; should these subsidiary undertakings be represented on a Railway Council? Engineering firms commonly have foundries attached, but there is an independent iron-founding industry. Dyeing overlaps all the textile industries. How should the boundaries be drawn in these cases for the purpose of a general system of Trade Parliaments?

One important group of interests that any complete scheme of industrial organisation must represent and

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express associates men in groupings that are quite independent of the "industrial" principle, namely, occupational interests. In every industry many occupations are involved. The different occupations have common interests, but also conflicting interests ; if the former induce joint action, the latter require separate representation. Thus joiners and shipwrights, fitters and plumbers compete in the shipyards for work on the margin of their trades, and a jealous and exact demarcation of work is necessary to preserve industrial peace even between different crafts in a single union. Skilled labour competes with semi-skilled, semi-skilled with unskilled, men with women. Where a group of occupations fall wholly within the limits of a single industry—as the different occupations in the cotton industry in the main do—it is comparatively easy to adjust the conflicting claims of the occupational and the industrial principles. An Industrial Council could in this case deal with occupational interests through sectional committees. It is noteworthy that Industrial Unionism, although the basis of its claim is the need for an organisation that can control conditions generally and not deal merely with wage questions, has been most successful in those industries; such as coal and railways, where the typical occupations concerned do as a matter of fact fall entirely within the limits of the irresponsible industries. But many occupations overlap industries. Ten per cent. of the workers classified under the occupational heading of "Building" in the last English census were returned as working outside the building industry. A third of the wood-cutting machinists are outside their own industry ; 21 per cent. of the engineering trades outside engineering. On the other hand, 20·7 per cent. of the workers returned as employed in engineering are classed under other occupational headings, and the same overlap occurs to a greater or less extent in every industry. This overlap does not, of course, prevent the association of different occupational groups for "industrial" purposes ; it does preclude the possibility of superseding occupational organisation alto-

The Alleged Reaction against the State gether and entrusting all functions of industrial regulation to a single representative body in each industry.

Perhaps the clearest indication of the difficulty of relying exclusively on an organisation on the basis of industries is the case of new industries. Every decade sees an important new industry established ; aircraft, motors, the cinema, asbestos, rubber, are recent examples. They are invariably constituted by the combination of existing crafts and occupations with a minimum of labour specialised exclusively to the new purpose. In time the new industry trains its own labour and separates itself from other industries ; but the boundaries of the provinces of industry have been disturbed, and will not have time to settle before they are deranged again by the rise of other new industries. New industries should be the field in which experiments in novel forms of industrial organisation should be made ; in practice the reformer is the last to give them any attention. The public organisation of industry on an exclusively industrial basis is characteristic of the stationary technique and unchanging markets of an earlier age. Modern industry changes too rapidly, new trades ever unfolding out of old, for any organisation representative of particular industries to be charged with the exclusive power of regulating industrial relations and conditions. The proper functions of such an industrial organisation as a Whitley Council are consultative, not administrative, survey, not execution, or at most the handling of temporary problems and the making of provisional adjustments. The relatively permanent machinery of the territorial State, ill adapted as it is to industrial functions in many ways, is the only organisation with a basis definite and stable enough to undertake the general regulation of economic conditions and exercise compulsory powers without danger to liberty.

An undue stressing of industry as the unit of organisation is open to other objections. An organisation on the industrial principle, associating as it does in one bond everyone interested in the commercial fortunes of a particular

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product or group of products, is a standing temptation to exploit the consumer. There are signs of this already in the development of the Whitley scheme, more than one of the Councils having included the maintenance of prices among their objects. The same tendency is illustrated by the wages policy of those industries, such as iron and steel and coal, in which the commercial interests of the worker coincide most closely with those of employers and there are few workers in overlapping crafts. While engineers and building tradesmen have always stood out for a standard rate that should be independent of the fluctuations of market conditions and the commercial fortunes of the products on which their labour is expended, ironworkers and coalminers have favoured the sliding scale, an automatic device for allocating to the worker a share in any rise or fall in the price of the product of the industry, and so for associating the worker directly with the commercial fortunes of his employer. From this to an explicit agreement to combine to maintain prices is a short step. Now the attempt to secure the interests of a particular industry by organisation directed to price control is legitimate within limits; society, moreover, has its safeguard, as the experience of the notorious Birmingham Alliances of twenty years ago shows; but the limits are easily overstepped, and to afford to such an organisation the support of a statutory legal condition without precise and stringent measures of State control would be a direct incentive to the exploitation of the consumer.

One further consideration must be urged, since it is essential in the present emergency. It was the urgency of the problems to be dealt with that led to the extension of State control during the war. The Government and Departments concerned had no desire to undertake the unpopular task of forcing dilution on industry under statutory powers; but they could not wait for the interminable discussions involved in leaving it to voluntary arrangement. State interference was deferred for many months, and was

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confined in the first instance to the conciliatory offices of the Chief Industrial Commissioner. This was followed by the Treasury Conferences of March, 1915, which again left decision and execution to the voluntary agency of employers and trade unions. Compulsory powers were taken only after three more months' delay had proved the futility of relying on voluntary arrangements. Even then the law was obstructed and ignored, until local Dilution Commissions were set up to visit works, consult with managers, propound schemes, hear objections, and see that their proposals were put into effect. So, too, with wages. The Government had no wish to control women's wages, still less to interfere with men's; but it was impossible to wait on the ordinary procedure of individual and collective bargaining, when the Government itself was urging women to undertake new kinds of work and the old allocation and conditions of men's work were being overset.

The urgency of the situation was the explanation of the State's interference. The problems of the transition from war to peace will have the same character of urgency, and will require similar treatment. Spontaneous voluntary organisations, although their suitability for certain kinds of public and social work is superior to that of any Government department, lack the resources that make State action the great engine of social progress. They lack the coercive power that enables the State to overcome the obstruction of recalcitrant minorities—except in so far as they can use the dangerous and expensive methods of economic coercion, the boycott, strike and lock-out. They lack in most cases adequate financial reserves and adequate staff; the facility with which Government departments can expand their staffs is a danger to economy in normal times, but an invaluable resource when a piece of work has to be carried through at any cost within a limited time. A third weakness of the voluntary representative organisation is the hesitancy it is apt to show in handling controversial questions, the decision of which may involve the representa-

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tives in unpopularity with their constituents ; this was probably, the real obstacle to an effective handling of dilution by employers' associations and trade unions without State intervention. Reconstruction bristles with questions of a similar character, and the true bureaucrat's alleged contempt of popular opinion and popular abuse will be a quality to be prized. British civilservants, however, are not bureaucrats, but the faithful servants of a responsible Government.

Industrial Devolution, then, is not an ideal that will illuminate the whole field of industry and point the way to a general reconstruction by agreement. The element of truth in it is obscured by loose talk about Trade Parliaments, and the realisation of its true aims is not inconsistent with a large measure of State interference. There is no large social idea that will unite all men of good will in building a new social order ; would that there were ! One may come in time, and it is hard to believe that the war can have left things as they were, that no new truth, or the fuller realisation of some old truth, will not emerge from this dire event. But no constructive ideal is discernible in the utterances of Ministers on reconstruction or obvious in the activities of the Ministry of Reconstruction ; and meanwhile the plea that industry must be left to manage its own affairs is diverting attention from the patent need of legislative sanction, if the possibilities of industrial reform revealed by the war are to be realised.

IV. THE NEED FOR A GOVERNMENT PROGRAMME

THE normal method of consciously effecting important social changes is by legislation. In the discussions on legislative proposals the will of the people can be ascertained. On important proposals the Government stakes its existence, and it is the duty of Parliament to challenge the Government on any issue on which it believes that the

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Government has mistaken the will of the people. The war has shown that when the general will is clear there need be no delay—even under the existing procedure—in passing essential measures ; a Government has the power if it has the will, of compelling Parliament to a prompt decision. So far it has exercised its power on no important question of reconstruction. The preoccupation of the war was sufficient excuse for the neglect of reconstruction in the past, and it was idle to suppose that any programme of reconstruction could be compiled until a Government was free to give its whole mind and energies to the problem. The most that was possible was a programme of exhaustive and constructive enquiry, of which too little has been done. But the war is now over, and the country is waiting for a concrete programme, a list of measures, on which the realistic English mind can fasten.

Ultimate social ideals involve controversy, for which there is no time, and there is no single ideal that will dispel controversy. The programme that is needed is a list of immediately realisable reforms, which are indicated by a study of industry during and before the war. The principal act of the Government so far has been to approve the Whitley Report and put the services of the Ministry of Labour at the disposal of any industry that was prepared to set up a Joint Industrial Council. That is the method of setting up an organisation (which always takes time) and then finding work for it to do ; what is needed is that the Government and the Departments should schedule certain tasks as things to be done, and consider the machinery needed in the light of the task it is intended to perform. One in ten perhaps of the Public Bills that become law in a normal session are controversial, and require the force of the Government behind them to drive them through. The rest—in the aggregate the more important—are departmental and agreed measures, the need of which has been discovered in the course of day to day administration. The programme of reconstruction should include

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all the measures that the experience of the Departments in the last ten years has shown to be needed. The proportion of controversial measures is bound to be greater than usual, which is all the more reason for scheduling them at once, with a view to eliminating non-essential points and making clear to vested interests in opposition the social necessity of the rest. Controversial such a policy would be, but not in the sense that a great measure of socialism or industrial devolution would be. It would not raise the issue of the "system," but, accepting the present system as likely to endure at any rate for the lives of the next two Parliaments, endeavour to remove the obvious defects in the working of the system and make it a more tolerable thing even to the people who are working—and will work none the less persistently—for its abolition. The policy would be the policy of the limited offensive.

Industry is plastic, in the sense that the changes to which it has to adapt itself are so great that it can accept new conditions now with less dislocation than if they came at a normal time and disturbed an established routine. But the new conditions cannot be left to agreement, lest the opposition of minorities delay them until the plasticity of industry has gone. Legislation is needed to give effect to the will of the mass before it is too late. Thus if there is to be any general reduction of hours, the legislative restrictions on working hours must be revised, consolidated and extended now. If there is to be any general adoption of the amenities and sanitary conditions that the Health of Munition Workers' Committee have shown to be desirable and economically possible, the Home Office must be given statutory powers and adequate staff to establish them at once. If there is to be any effective protection of adolescents from the ill-effects of industrial occupations, it can be given now with a tithe of the trouble involved at ordinary times. Unemployment must be dealt with in connection with demobilisation and resettlement. The measures adopted are provisional and temporary. Is not

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this the time for an extension and strengthening of the experimental Act at present in operation ? The protection of the wages of ill-organised workers, again, needs the compulsory support of State action, for which the machinery is provided in the Trade Boards Amendment Act, Disabled soldiers are being provided for ; their pensions enable and compel the State to take responsibility for the conditions on which they are employed. Similar provision is needed for those apprentices whose training was interrupted by war service. Housing is not perhaps strictly an industrial question, but no cause of industrial unrest is more potent than the housing conditions on the Clyde, the South Wales coalfield and other centres of revolutionary propaganda. A housing scheme is promised and the preliminary steps have been taken ; but they do not meet the urgency of the need. In all these cases there is no conflict of political principles involved ; measures can be produced, based on the administrative experience of the Departments responsible, who are normally in touch with the sections of the general public interested. The opposition is entitled to be heard and met so far as it is reasonable, but not to hold up progress. Statutory powers are needed to coerce unreasonable minorities and anti-social interests, and to authorise the administrative pressure without which the press of work will not be carried through. But in Parliament and the Departments action waits on the will of the Cabinet. The Cabinet alone can release the energy that is waiting to attack these and similar problems, and alone can co-ordinate the efforts of specialists into an orderly programme.

Stress has been laid on the need of State interference, because the outcry against it threatens so dangerously to block essential measures. There is no intention of denying the defects of Governmental action or the reality of the benefits which industrial devolution aims at conferring. But these aims are capable of attainment by other methods, and the war has been fruitful in suggestions to this end.

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The State does lack, and must always lack, the intimate sympathy with the needs of an industry that comes from working in it ; it does not follow that the State should shirk its responsibility for seeing that industrial problems are solved by leaving them entirely to representative industrial organisations. There is an alternative method ; it is to set up a representative body for a specific object in which the State has a responsibility and associate with the representatives of the industry officers of the Departments interested. This is the method of the Wool Control Board and the Cotton Control Board, and it has two great advantages ; it bends the minds of the industrial representatives to the work in hand, and so diverts them from the conflict of interests that is the normal occasion of their meeting ; and it provides the representative body with a competent executive staff, thus ensuring not only that the knowledge of the people in industry will be brought to bear on the work in hand, but also that the work will be done. The Trade Board is an application of the same method to the establishment and enforcing of minimum wage-rates. The Trade Advisory Committees on the employment of disabled soldiers and sailors are another variant ; the Research Associations promoted by the Department of Scientific and Industrial Research yet another. In every case the starting point is a task which has to be performed ; the machinery is devised to associate in the performance of the task the knowledge of responsible industrial representatives with the executive resources of a Government department.

The same end—a sympathetic understanding of the needs of industry—is attained by the practice of consultation in conference pursued by the Home Office in drafting regulations for Dangerous Trades. The War has seen a great extension of the practice, as was natural in view of the extended relations of Government departments and industry. It has been less effective than normally it should be, partly because the pressure under which departmental

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decisions had to be taken did not always allow time for adequate consultation, partly because it was difficult always to find the representatives whose advice would command the support and loyalty of the men whose views it was desired to reach. The establishment of Joint Industrial Councils will facilitate such consultation in the future, and that indicates their true function. Representing industries, and not merely subordinate trades or occupations, they will offer the Government a ready access to any section whose interests or desires the Government wishes to consult. They will facilitate a survey of the whole industrial field, making themselves responsible, for example, for seeing that a well-defined standard rate is established for every grade and class of worker in their industries. They can extend the scope and extent of collective agreements.

Above all, bringing together as they must all crafts and occupations and associating them with the representatives of the managements, Industrial Councils should be able to reconcile occupational differences so far as to make possible a system of representative works committees, a task for which a purely occupational organisation like a craft union is ill adapted. In these works committees lies the true hope of self-government. By providing an accessible and responsible body through whom complaints can be preferred, and by making it easy to negotiate agreements and formulate works rules on subjects of controversy, they can eliminate the possibility of arbitrary action by foremen and managers; by affording an invaluable experience of the powers and responsibilities of the various grades and classes in industry, they make possible a better understanding and a true co-operation. By carrying out in the spirit its promise to consult Industrial Councils, and by adopting a similar attitude towards other representative organisations where Industrial Councils do not exist, the State can do much to soften the asperities and crudities of departmental action.

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Something can be contributed by devolution, but it must be administrative devolution of powers now exercised from Whitehall on an extended staff of local representatives of the Departments.

The policy indicated in this list of tasks that need to be taken in hand is a conservative policy ; it aims at no revolution in principles, merely because such a policy alone seems to offer a chance of securing general support and so utilising the present transient opportunity. The chief obstacle in the way is that so little has been done of that constructive research that compels agreement and closes the mouth of interested opposition. There is a chance that the monumental investigations of the Royal Commission on the Poor Laws may at last bear fruit. The Final Report of the Health of Munition Workers' Committee is a scientific and convincing record of investigation in a limited field. The Interim Report of the Adult Education Committee is a suggestive survey of industrial conditions in general ; but it is based on incidental evidence, not a direct investigation, and cannot have the authority of an exhaustive direct enquiry. There is, however, material enough for a Government that is seeking a programme, in a comparison of conditions and regulative standards in different industries. A comparison of the experience of even the principal industries would indicate a programme of industrial reconstruction that would ensure some use being made of the present opportunity.

Perhaps such a survey would elicit the co-ordinating idea that is required to bind individual measures into a programme that will appeal to men's imaginations. Perhaps it would be found in the idea of economic security. Security is the aim, and the sole aim, of the trade union regulations and customs the suspension of which has caused so much controversy and the restoration of which is demanded with such insistence. Security was the aim towards which the social legislation of the last generation, from Mr. Chamberlain's Workmen's Compensation Act

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to the Trade Boards Amendment Act just passed, was all directed. For insecurity is the bane of the wage-earner's life.

A systematic application of the principle of security would involve no revolutionary change in the organisation of industry. It would be, indeed, merely the carrying out in the spirit of the social contract implicit in the wages system. Until the wage-earner has been given a position of economic security which nothing but his own fault can destroy, the wages system as a system has not been tried. For the basis of it surely is this : the employer takes the risks of industrial enterprise and the profits as reward, the workman is paid a regular wage without any share in profits because he is not expected to share the risks. But the workman does share the risks, and they bear on him more heavily than on any other class. Security is an object on which all parties can concentrate. The methods of attaining it will be controversial, but a Government that convinced the electorate of its sincerity in aiming at eliminating the uncertainties and insecurity of the wage-earner's economic position would be assured of sufficient support to carry through its programme. It is no place at the end of an article to discuss methods or details ; it is sufficient to point out that economic security involves four main elements—security for the rate of wages, security of employment, the right to consultation when changes affecting status and remuneration are contemplated, and the adequate safeguarding of health and provision for sickness. A secure standard rate is a much more important factor in welfare and content than amount of earnings ; the high earnings of the war have brought not content but unrest, because standards have so often been dislocated. Security of work can be given if the country will pay the price, and almost any price would be low for its attainment. The right of consultation is essential, because there are always alternative methods of introducing technical changes, and it is

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only right to give the workman an opportunity of adjusting himself to the change and pointing out ways of adjusting the change to his needs. The safeguarding of health is an art in which great advances have been made during the war ; the existing provision for ill-health is grotesquely inadequate.

We are brought back to the pledge to restore trade union conditions. The trade unionists are reasonable men and do not wish to cancel the economic gains of the war ; but the pledge is the only means they possess of extracting an equivalent for the economic safeguards they have lost, and they demand that the effectiveness of these means shall be secured by the carrying out of the pledge. Once the Pledges Bill is passed, however, and negotiations for substituted conditions begin, the terms on which the unions will insist will be influenced by the prospects of legislative provision for the needs which the abrogated conditions met. The same is true of wage-negotiations. The whole atmosphere and temper of industrial relations will be changed if an assured prospect of even a moderate increase in the security and well-being of the wage-earner's position is put before labour. Only Parliament, giving effect to a policy devised and pressed by the Government, can give that assurance.

CANADA

I. EAST AND WEST IN CANADA

THERE has always been a disposition in Canada to apprehend differences between the West and the older Provinces. So, too, there have always been politicians willing to exploit grounds of difference for personal and political advantage. But in the West, as in the East, whenever a question has appeared which involved national unity and stability, national considerations have overcome sectional interests. Geographically and economically there are four Canadas—the Atlantic Provinces, Ontario and Quebec, the Middle West, and British Columbia. There are as divergent interests between the Prairie Provinces and British Columbia as between Ontario and the West. A common feeling on the Pacific is that the Rocky Mountains divide East and West, while perhaps the general feeling of the older Provinces is that the West begins at Winnipeg. The great unsettled stretch of country reaching from Sudbury to Fort William accentuates the division between East and West and exaggerates economic differences. But every test to which the country has been subjected since the Western territories were incorporated in the Dominion has revealed a national temper and demonstrated that the causes which unite are far more influential than the causes which divide.

The war has disclosed a national spirit as intense and dominant in the West as in older Canada. It may be that in the West "Imperialism" is less vocal and that greater

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emphasis is laid upon the ideals of democracy. But the difference is in language rather than in spirit. For the time the West is concerned to make itself rather than to remake the Empire. It has an Empire of its own to settle, its own institutions to establish and expand, a many-tongued population to mould into a common citizenship. It is therefore somewhat impatient with "fussy" people who raise questions which do not seem to demand immediate settlement. In other words, the West thinks more about Canada than about the Empire, but accepts all Imperial obligations and responsibilities as they arise as a natural consequence of its political and constitutional status.

In so far as there are economic differences the West seeks to prevail by persuasion, argument and agitation, but does not think of separation either from older Canada or from the Empire. Indeed, many of its spokesmen would contend that the West expresses the old fiscal faith of Great Britain and that Eastern protectionists are spurious Imperialists. In Saskatchewan particularly the feeling for a low tariff is general and formidable. The chief grain-growing Province with few industries, it derives less advantage from customs duties than any other portion of Canada. There is no malicious hostility to Eastern industries, and perhaps not much expectation that absolute Free Trade can be established, but no Government can be strong in Saskatchewan which resists its demand for freer trade with the United States and lower duties on farm implements. In Manitoba and Alberta there is less acute feeling over the tariff, but unquestionably Western farmers are more hostile to protectionist duties than those of older Canada. The situation has been materially affected by the entrance of Western Liberals into the Union Government. Because the old Government was strictly protectionist, the Conservative Press of the West supported the fiscal programme of the Party. Relieved of the obligation to Party, Western Conservative newspapers show a

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disposition to express Western sentiment. Thus there is no general advocacy of Protection in the Prairie Provinces, while the Liberal newspapers and the organ of the grain growers maintain their old attitude towards the tariff. There is a tacit if not a distinct understanding that the tariff will not be disturbed until the war is over, but there must be a revision of duties when peace is restored, and Western feeling will have to be considered.

There have been proposals for conferences between Eastern manufacturers and Western grain growers. In the West a few years ago a Council of Agriculture and Commerce was established. This Council consists of representatives of the grain growers and of the banking, commercial and industrial interests. Through periodical conferences many grievances have been adjusted and much misunderstanding removed. The representatives of the business interests frankly admit that the leaders among the grain growers who have participated in these conferences have considered all questions submitted for adjustment with singular freedom from prejudice and high patriotic regard for the common welfare. The results of these conferences have been of such signal public advantage, and have inspired among business people such confidence in the agrarian leaders, that national conferences between representatives of Western farmers and the financial, commercial and industrial interests of Eastern Canada are now strongly recommended, particularly in consideration of the new, complex and difficult problems which must be faced during the era of reconstruction. The war has demonstrated that the East has no monopoly of patriotism, nor any pre-eminence in endurance and sacrifice, and the experiences of the Western Council of Agriculture and Commerce induce confidence that even the tariff can be adjusted without injustice to Western farmers or disaster to Eastern industries. Moreover, with a public debt increased from \$336,000,000 to \$2,000,000,000 and an annual expenditure from \$175,000,000 to \$350,000,000,

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the whole system of taxation will have to be revised. There is no prospect that taxation of incomes and of manufacturers' profits which the war has necessitated will be abandoned, and probably also such tariff duties will have to be retained as will afford any necessary protection to Canadian industries.

In Western Canada there seems to be a complete eradication of old party prejudices and loyalties. "Conservative" is a word which the West dislikes as suggesting Toryism inherited from Great Britain and expressing the temper of reaction. Through the name the Party was associated with the illiberal traditions of other ages and with events of very remote relation to the history of Canada. To "Liberal" there is no objection, but in the West the federal party which bore the name must be born again. We are at the end of an era. No power can re-establish the old idols or recreate the old divisions. The coalition is accepted as necessary to the prosecution of the war, but there is a common feeling that it is a temporary expedient, and that for the time even speculation about the future of political parties is futile, if not mischievous. It is felt that there has been something unreal in Canadian politics, that peace will disclose the realities, that in a way the disruption over conscription was an act of emancipation. Men are thinking of country, not of party, of the future, not of the past, and a multitude of enfranchised women are looking for a sign from heaven which does not appear.

Despite pre-occupation in the war the West is thinking much about its future. There are many who feel that, unless there is careful selection of immigrants, more "foreigners" will be admitted than can be assimilated. Even now the multiplication of groups and races creates grave social and educational problems. It is determined that in future no element from any country shall be granted special exemptions from military service. All who enter into the privileges of Canadian citizenship must accept all

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the obligations and responsibilities which belong to Canadian citizenship. If Mennonites and Doukhobors desire to settle in Canada they must submit to all the conditions which govern English-speaking British subjects. An outcry against a colony of Mennonites who have just crossed into the West from the United States has been silenced by the assurance of the Government that they will enjoy no special exemptions or privileges. For the time absolute prohibition of immigration from Germany or Austria is demanded. It will be long, one thinks, before this prohibition will be relaxed. The war also has greatly intensified feeling against bilingual teaching in the public schools. There is no desire to interfere with French as an official language where it is constitutionally recognised, but it is insisted that all children shall have adequate knowledge of English, and that English shall be the common language of the country. There are signs that the educational authorities of the three Prairie Provinces are in sympathy with this demand, and that, as far and as fast as is practicable, every other language will be subordinated to English in the elementary schools of the West.

When Western people urge more rigid supervision of "foreign" immigration they are not thinking about Americans. The doors of the West are open to English-speaking people from the United States, or even to the descendants of foreign elements in the neighbouring country, unless they are of German or Austrian origin, who have acquired English and measurably understand the genius of free institutions. Possibly the West is more partial to Americans than to settlers of any other nationality. They have no apprehension of political danger from American immigration, and certainly during the war this confidence has been justified. But a prejudice which prevailed against classes of Englishmen has been largely if not entirely overcome. The response of the English element in the West to the call of Canada and the Empire

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has been so splendid that toleration has developed into admiration and regard into reverence. If there is any exception, it is in the attitude towards a class of English Socialists who are held to be chiefly responsible for labour disturbances, who as nearly as they dare use the language of sedition, and who have been active in exciting unrest among alien workers.

It must be admitted that there has been a good deal of exasperation over the high wages received by alien workmen and their immunity from internment or military service. This feeling is particularly acute among returning soldiers, but is by no means confined to the military element. On the other hand, there is such a scarcity of labour for the fields, the mines and the industries that the general activities of the country could hardly have been maintained without this reserve of alien workers. Generally even Germans and Austrians have been tractable enough, but how far this was due to the vigilance of the Mounted Police only history will disclose. It is easy, however, to understand the general feeling against alien farmers who reap their crops and alien workers who pocket swollen wages in comfort and security, while the sons of the household give their lives to maintain the institutions by which these foreign groups are sheltered and protected. It is said that many of these aliens are hoarding their wages in expectation of returning to their own countries when peace is restored, and many in the fear that they will be ruthlessly displaced when the soldiers come back from Europe. But in all the exasperation against aliens there is a complete conflict of opinion as to how they should be treated, a general admission that this labour has been necessary and valuable, and a common doubt if forced labour could be made economically profitable. The dissatisfaction is deeper perhaps because the very difficulties of the situation have made any heroic treatment of the problem doubtful if not impossible.

Notwithstanding the considerable admixture of Ameri-
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cans in the Western population, the American flag is hardly more common than in older Canada. The Union Jack flies far more freely than before the war and perhaps even more freely than in the Eastern Provinces. In every Western community the welfare of the soldiers and their dependents is the chief concern. Red Cross and patriotic organisations are as active as when the war began. One never hears any feeble cry for a premature peace, nor any vain mourning over losses and sacrifices entailed upon the country. The West is in the war with complete absorption and devotion and absolute confidence in the justice of the cause for which the armies of the Allies are contending. It observes food and fuel regulations with remarkable vigilance and fidelity. It has adjusted its social customs as the need for economy, for endurance and for sacrifice demand. A few years ago the long open drinking bar, crowded with customers, was found in every licensed hotel and restaurant. Now there is no public drinking and very little in private houses. In the clubs there are neither bars nor drinking. Nor is there any prospect that the licensed liquor traffic ever will be re-established in Western Canada. In such cities as Winnipeg, Regina, Saskatoon, Edmonton, Vancouver and Victoria the consequences of "the land boom" of seven or eight years ago have been largely overcome and comparative activity and prosperity prevail. This is perhaps chiefly explained by high prices for grain and shipbuilding on the Pacific. The West has few war industries, nor has it profited greatly by munition contracts. This means that reconstruction will be a less serious problem in the West than in the East if some of the incidental advantages of war have been withheld. It is true that the West is remote from the actual areas of war, that it has food in plenty, that seedtime and harvest are uninterrupted, but it has not faltered at such sacrifice and endurance as have been required, and with mourning in many households and thousands of its sons still in the field, its spirit is eager,

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its courage unshaken and its resolution to go on until victory is achieved as inflexible as when the first call came from Valcartier and small companies of Englishmen from the plains and the Pacific started Eastward to join the Princess Patricias.

II. EXTERNAL RELATIONS

THIS year for the first time representatives of all the Dominions found it possible to attend the meetings of the Imperial War Cabinet, and were careful to allow no domestic obstacle to prevent their presence at its Sessions. This fact and the impressive circumstances of these meetings of the Prime Ministers of the Commonwealth, round a common council table, at a time when mutual interchange of knowledge and of ideas was so critically important, gave the Cabinet the appearance of having passed its experimental stage.

Most people in this country who have the unity of the British Commonwealth at heart and have given the question study, are now apt to regard the expedient of the Imperial War Cabinet as having made a definite advance towards an ultimate solution of the Imperial problem. An organic union of the Empire, with an Imperial Parliament and executive at the apex of a constitutional pyramid, is commonly thought by those in Canada who are interested in the subject to be either an unattainable ideal or the antecedent of a dangerous policy of "centralization," and it seems patent that no plan has as yet been advanced that is competent to satisfy fully the national aspirations of the Dominions on the one hand and the requirements of real Imperial solidarity on the other. The institution of the Imperial War Cabinet, however, as a purely opportunist measure based on no particular theory, meets with general favour as having all the easy-going British characteristics of "a step in the right direction."

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The Canadian public has shown no particular enthusiasm for the War Cabinet, for the reason that in Canada there is little popular interest in the constitutional problems of the Empire, nor, until the commencement of the war, in external problems of any description. We have been—perhaps inevitably—concerned to a great extent with our domestic questions; and, in the position of comfortable security which we occupy under the British flag, we have allowed ourselves to become generally neglectful of our external responsibilities. It is unwise of course to labour this point, for the war is fast broadening our horizon; but it is well to remember that the recovery from our early provincialism will be very gradual, and will be marked by occasional relapses, an example of which can be found in the popular attitude to the Imperial War Cabinet meetings last summer. So completely was the importance of the Cabinet overlooked that the absence in England for two or three months of the Prime Minister and several of his colleagues was regarded by a certain section of the Press as a needless neglect of domestic duties.

This feeling was, of course, considerably intensified by the presence in Canada during that period of a certain amount of industrial and political unrest. But this midsummer restlessness itself was attributed partly to the fact that the Leadership of the country was temporarily absent; and whether or not this was true, the tendency to confuse the mission of the Canadian Ministers in London last summer with ante-bellum ceremonial visits was both unfortunate and significant, and shows the failure to realise that Canada as a nation must concern herself in matters of world policy.

Those organs of opinion which have discussed the status of the Imperial War Cabinet seriously for the most part hold the view that it provides the means for a useful interchange of ideas during the period of the war, but that it is not likely to acquire a permanent value. Others allege that the Cabinet is only a pretence, in that

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Dominion Ministers were invited to consider matters of policy, the actual control of which is vested in the Cabinet of the United Kingdom, in which they are of course not represented. (Such critics derive comfort from the fact that in no glossary of constitutional terms is the word "cabinet" defined as applicable to such an anomalous body). Those who hold this view overlook the fact that the presence of Dominion Ministers in the Imperial Cabinet has the double advantage of giving the Dominions first-hand information as well as the opportunity of expressing opinion on all matters which concern the Empire as a whole. The Dominions, it is true, in the last analysis do not share in the direction of the foreign policy of the British Commonwealth, but the machinery of the Imperial Cabinet does at least afford them the opportunity of making themselves heard in the highest council of the Empire, and this not as a favour but as a right.

A certain school of opinion in this country, also disturbed by the dictionary definition of "cabinet," is suspicious of the word as applied to an Imperial Council of which Ministers from the Dominions are members, and sees in the application of this term a conspiracy to set up a powerful executive authority in the Empire. It is interesting in this connection to note that in a recent number of *THE ROUND TABLE* it was suggested that the Imperial War Cabinet was sufficiently loose in its organisation and elastic in its structure even to serve as the model for a representative body for a group of independent world states.

A certain amount of attention was paid in Canada to the recent announcement that each Dominion was to be permitted to maintain a resident Minister in London for attendance at the Imperial War Cabinet. The interest which this aroused here was rather less than would have been the case were there not at present a Canadian Minister with headquarters in Great Britain, in the person of the Minister of Overseas Military Forces. It happens

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inevitably, however, that a Minister with such heavy departmental responsibilities must concern himself primarily, if not exclusively, with administrative work, and at present Canada is not, therefore, able to take full advantage of the arrangement. It is clear that the eventual appointment of a Canadian Minister to provide a *liaison* between the Imperial and Canadian Cabinets, and with membership in both, would supply an important link between them—a connection which a High Commissioner's Office is not competent to provide.

The dispatch from London announcing that direct communication on matters of Cabinet importance is now permitted between the Prime Ministers of the Dominions and the Prime Minister of Great Britain was in a measure misunderstood. Certain journals jumped to the conclusion that this announcement involved the elimination of the Colonial Office, in so far as the Dominions were concerned, and one or two newspapers went so far as to predict the extinction of the office of Governor-General. The reform, however, does remove a colonial anachronism. The Governor-General, far from being eliminated by this measure, is placed in a more dignified position, occupying now a status more nearly a counterpart to that of the King, and tends to be less a mere channel of communication between the Colonial Office and the Canadian Government and an official of the former body.

The solution of the Imperial question, like all other political problems in a democracy, will doubtless come with greater *popular* knowledge of the facts. Good minds are working on the problem, but with few exceptions the subject still fails to awaken genuine interest except in the convinced Imperialists on the one hand, and in those—happily few in number—who are equally settled upon a separatist policy. The average citizen has paid too little attention to the question of external relations to see in the phrase "Imperial Problem" anything but a deliberate attempt to "force an issue."

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Canada during the last four years has been brought into touch with the outside world with dramatic suddenness, and she has moved in closer co-operation with her sister Dominions and with foreign nations than ever before. But in one sense the effect of our participation in a world war, side by side with Englishmen and Scotsmen and men from the other Dominions, has perhaps not been quite what was expected. Our loyalty to the British Commonwealth is unabated, but our Canadianism is considerably stronger. The foundation of a real national consciousness has in fact been laid. It must be remembered that in the rather strident nationalism which the war has stimulated in Canada, and which will be augmented and intensified with the return of our Army, there is a most wholesome symptom. Danger lies only in the spirit of easy-going contentment with a status which will never satisfy the healthy aspirations of a young country. When this is popularly felt in Canada we shall have come to the point of admitting the existence of an Imperial Problem. Once this is recognised by the "man in the street" there should be no difficulty in moving towards its solution, a solution which must give the fullest scope to our national aspirations, consistent with membership in the British Commonwealth.

In this connection, the approaching Canadian Expedition to Siberia is of the greatest importance. A force of five thousand men, all Canadians, except one Imperial battalion, is to be sent to Vladivostok in the next few weeks, under the command of a Canadian General and staff, to act in co-operation with Japanese and American forces. Quite apart from the military significance of the expedition its reflection on Canadian opinion is bound to be very striking. By this means we shall be brought into direct touch with what to us is a practically unknown country, although in a sense it is our next door neighbour. The popular interest and economic enterprise which the expedition will stimulate in the country will have an

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important educational effect on popular opinion. It should give a reality to our external affairs, including our relation to the Empire; such contact with the outer world will widen our knowledge of politics in the big sense and should help to facilitate the solution of the problems which arise therefrom.

III. LORD SHAUGHNESSY'S RESIGNATION

THE resignation of Lord Shaughnessy closes a long and great chapter in the history of the Canadian Pacific Railway. In certain vital characteristics he was the antithesis of Sir William Van Horne. His predecessor had immense driving power and the outlook of a statesman. In building the railway, planning its extensions and establishing its ocean services he displayed wonderful resource and energy. He was superior to mental or physical fatigue. He had courage which bordered on audacity. But by nature Van Horne was not conciliatory: he was impatient with communities that would not submit to his demands and often would engage in conflict when a treaty of peace and co-operation could have been effected by wise concessions. Lord Shaughnessy was faithful to all the best traditions which Lord Mountstephen and Sir William created, but he also established new traditions of great value to the railway and to Canada. He was always ready to abate grievances as far as legitimate concern for the interests of the Company would permit, and in refusing concessions he never was inconsiderate or arrogant. He believed that the Company had obligations to the country as well as to the stockholders. From the first the Canadian Pacific Railway in profession and in practice has been a national and Imperial enterprise. The fact that it was built for national and Imperial reasons has never been overlooked by its directors. If its own credit stands high, it has always strengthened the credit of Canada.

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If it has become prosperous and powerful, the success has not been achieved by evading contracts or corrupting Governments. Once or twice it has appeared in national politics, but only when in the judgment of its directors national and Imperial considerations were involved. Possibly a great corporation should never interfere in elections, but sometimes at least circumstances palliate the offence. Lord Shaughnessy was always averse to interference and resolutely against attempted coercion of the Company's employees.

He did much to overcome the hostile attitude of the West towards the Company. In this he was greatly assisted by Sir George Bury and other wise and efficient subordinates. The road has always been a great immigration agency as well as a great carrier. It has spent millions in extending irrigation, improving methods of farming, and developing many industries and enterprises in the middle West and British Columbia. In most cases its undertakings were ultimately successful, to the direct advantage of particular districts and the general advantage of the country. It is not suggested that in fixing freight rates the interests of the Company were neglected, but there seldom was any reluctance to spend money in order to create traffic. Its lands have risen in value, but its chief object has been to develop and settle the country. In any future projects of settlement the chances are that it will be among the most willing of Western landlords to co-operate with the Provincial and Federal Governments. When the Government at Ottawa not long ago appropriated \$7,000,000 of the Company's surplus profits there was a natural protest, but no whining or clamour. No other institution in Canada has contributed so freely for war purposes or observed all necessary restrictions with more scrupulous fidelity. No other railway company on the continent has had better relations with its employees. Wages have always been maintained at a high level and conferences with the representatives

Lord Shaughnessy's Resignation

of the workmen have seldom been refused. The whole policy of Lord Shaughnessy has been to co-operate with workers, with shippers, and with communities.

Vitally resolute but essentially considerate, Lord Shaughnessy has held the affectionate loyalty of his immediate associates, the good will of a great body of employees, and the respect of the country. Although not born in Canada, he has been peculiarly and uncompromisingly a citizen of the Dominion and the Empire. No one thinks that there is any professional or commercial flavour in his patriotism. Although he has been the head of a great corporation on a continent in which corporations are suspected, the desire that he should enter the Government has been often expressed and widely entertained. For many years now the country has believed that Lord Shaughnessy was far more than the servant of a corporation. His counsel in national affairs has been signally influential, although he has generally spoken with reserve and has scrupulously abstained from partisan controversy. A Nationalist and an Imperialist, he has made the Canadian Pacific Railway the expression of his faith; agreeable and unostentatious, he carries much affection and respect into a retirement which, like that of Sir William Van Horne, will be far from a complete cessation of interest in the affairs of the railway or the affairs of Canada. Mr. Beatty, who succeeds to the office of President of the Company, is still a young man, born in Ontario, of remarkable executive talent, adequate energy, and interesting personality. Like Lord Shaughnessy, he is conciliatory but very resolute, prudent but downright and decisive. It is enough to say that for some time he has been generally recognised as the natural successor to the office, and in such a service recognition does not come by favour or by accident.

Canada. October, 1918.

AUSTRALIA

I. LABOUR'S PEACE PROPOSALS

THE month of June has witnessed a significant demonstration of pacifist opinion on the part of the Official Labour Party of Australia. Early in that month the Annual Labour Conference of New South Wales passed a series of resolutions embodying its attitude towards the war, urging the immediate initiation of peace negotiations and outlining its peace proposals. It also drew up plans for "the adequate defence of Australia." These resolutions, with some important additions, were ratified by the Interstate Labour Conference held at Perth, Western Australia, from June 17. Just prior to the sittings of the New South Wales Conference the Sydney Trades and Labour Council passed a motion against the co-operation with other parties in a recruiting campaign agreed upon at a Conference called by the Governor-General, representative of all sections and interests in the Commonwealth. The delegate who tabled the motion to assist in recruiting was defeated at the same meeting in the election to the secretaryship of the Council, though formerly a popular and influential Labour leader. These events, coupled with numerous smaller incidents and public utterances by industrialists, serve to show the strongly pacifist leanings of the Official Labour Party in Australia.

In the preamble to "Labour's peace terms," the outbreak of war is attributed to "commercial rivalry,

Labour's Peace Proposals

territorial greed and dynastic ambitions." Profiteering by "the ruling and privileged classes" and the absence of "sincere efforts to obtain a speedy peace" are roundly condemned. The people of Russia are congratulated on achieving the revolution, and "the workers of every land where similar conditions exist" are urged "to follow their example with the same magnificent courage and determination." Since an Allied military victory can only be accomplished by further huge sacrifices, the impoverishment of the workers and the practical destruction of civilisation, "we therefore urge that immediate negotiations be initiated for an international conference for the purpose of arranging equitable terms of peace," with separate representation of workers of the British self-governing Dominions and of Ireland. The statement of actual peace terms is contained in ten clauses, which differ little in substance or principle from those of the British Labour Party, and differ from those enunciated by President Wilson and Mr. Lloyd George only in containing much less direct references to particular problems like those of Belgium, Poland, Russia and the Balkan States. The Labour leaders and their Press have, indeed, claimed much credit for formulating terms of peace in agreement with the expressed opinions of the principal spokesmen of the Allies. They forget to add that President Wilson and the British Labour Party see only one way of securing such terms—namely, by prosecuting the war till a decisive victory is gained. There can be, in fact, no great objection urged against the actual terms of the peace programme of the Australian Labour Party, who are paying merely lip-service to ideals framed by Allied statesmen. It is in pressing for the opening of immediate peace negotiations, in declaring that they "are less concerned with apportioning the blame for the outbreak of the conflagration, than with the need for its immediate suppression," and in their unqualified anti-militarism that they part company with the rest of Australia and the general public of Allied

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countries. It would be difficult to imagine an attitude more obstinately blind and absurdly doctrinaire than that represented in the sentences quoted above. To confute such a position would be a waste of words. Its importance consists in the degree to which it has become a force and motive likely to affect Australia's share in the conduct of the war, and in its general social reactions upon the life of the Commonwealth. The Australian Labour Party is the only pacifist Labour Party amongst the belligerent nations. This is a fact calling for some attempt at explanation, especially since that Party is in a much more favourable position for doing political and social damage than any other Labour Party. Its attitude towards problems of national defence is even more clearly shown in the resolutions adopted dealing with "necessary amendments to democratise the defence system and safeguard civil rights and industrial organisation." The most important of these recommendations, of which there were 18 in all, varying in significance, are the following:—(1) "That there be no military training for persons not entitled to vote." (2) "That compulsory training be from the earliest voting age to four years after." (3) "That employees be trained in employers' time, without reduction of pay." (10) "Abolition of all military oaths and of distinctions between non-commissioned and commissioned officers." (11) "Recognition of the principle of the election of qualified candidates as officers, and abolition of salutes and other useless discipline." (12) "No employment of or interference by soldiers in industrial disputes, and provision for punishment of Ministers or others responsible for breach of this provision." (13) "Citizens on conclusion of training to retain arms issued to them under training." (14) "Persons under voting age not to be called up in war time." (15) "Proclamation for compulsory service must contain express declaration of immediate peril to Australia, and must within 14 days be laid before both Houses, either of which may veto it."

Labour's Peace Proposals

Upon this programme the influence of the industrial extremist is writ large. The employer is to pay the wages of the trainee. The worker is to retain his arms, presumably for use as the progress of the "class war" may demand—a sinister prospect. To complete the description of the attitude of Official Labour, we have only to add the resolutions dealing with recruiting and with Imperial Federation. The Party's attitude to recruiting is thus stated :—

"Further participation in recruiting shall be subject to the following conditions :—

"(a) That a clear and authoritative statement be made on behalf of the Allies asserting their readiness to enter into peace negotiations on the basis of no annexations and no penal indemnities.

"(b) That Australia's requirements in man-power be ascertained and met with respect to (1) home defence, and (2) industrial requirements."

(Only a few Labour leaders are taking any part in the recruiting campaign, though the various Governments represented at the Governor-General's Conference conceded practically all the demands of the Labour delegates.)

To deal with Imperial Federation, it was decided that the "platform" of the Australian Labour Party be amended as follows :—

"Fighting Platform :—Complete Australian self-government, as in the British community ; no Imperial Federation.

"General Platform :—New plank: Complete Australian self-government, as in the British community ; no Imperial Federation ; policy and administration to be decided on the advice of Australian Ministers only, subject to control of the Australian Parliaments.

"All Bills passed by Parliament to receive assent on the advice of Australian Ministers ; there shall be no surrender of Australian self-government.

The Australian High Court to be the final court of appeal. There shall be a cessation of the practice of recommending Australian citizens for Imperial honours."

Taken together, this body of resolutions shows that the Labour Party of Australia has been captured by extremists

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and pacifists. In 1914 its Parliamentary organisation and the Trade Union body behind it were, at the very most, radical opportunists. While many of them were declared socialists, they and their party were committed to a policy replete with the palliative and knowing not the class war. To-day, mainly as a result of the two conscription campaigns and the general influences of the war, the Marxians are in complete control of the Party ; and, though their following is not so numerous as it appears to be, they have no considerable rivals within the Party. A few Labour members of Parliament and prominent Trade Unionists have protested against the disloyalty of the extremists, and a few Trade Unions have seceded since the Labour Councils of Melbourne and Brisbane decided to fly the Red Flag daily at the Trades Hall. But, for the most part, the solidarity of the movement is greater than ever. To what extent intimidation of leaders and of rank and file by the extremists accounts for the lamentable lack of protest from amongst the Party, it is difficult to say. But it is a significant and deplorable fact that those who early took a stand upon loyalty to the Allied cause were either soon silenced or left the Party, these including its ablest leaders. Still more alarming for the future is the frequency with which prominent Labour men, known to be opposed to the extremists, satisfy themselves with declaring that it does not do nowadays to oppose the will of the mass of the workers. The Labour Press is constantly preaching that leadership is unnecessary and dangerous ; the mass must rule. Thus party discipline has become so stringent that freedom of opinion is being entirely stifled. The plea for solidarity is the golden opportunity of the doctrinaire extremist ; he denounces as heresy anything less than his full programme of revolution. The catchword becomes supreme. "No annexations and no indemnities," "No Imperial Federation," "The self-determination of nations," "War is the result of capitalism"—these are the facile phrases upon which

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innumerable speeches and pamphlets base the peace programme of Labour. No attempt whatever is made to define these terms. Nothing is said about the violation by Germany of the laws of humanity, or about the pitiful plight of the smaller Allied countries. References to the Russian Revolution are hailed with joy at every Labour and Socialist meeting. The Bolsheviks are the heroes of Australian Labour. A Labour member of the Federal Parliament has just been appointed Bolshevik Consul-General for Australia, though by whom the appointment is made is not clear.

Much of this anti-war feeling is the result of unfortunate developments due to war conditions, which are quoted by the extremists as evidence of the capitalistic character of the war and of the determination of the class in power to destroy the organised Labour movement. The Unlawful Associations Act, passed last year, to deal with the seditious activities of the I.W.W., is widely believed by the workers to be directly aimed at weakening their organisations. The great strike of twelve months ago is held to have been provoked for the same purpose. The use of the censorship and regulations under the War Precautions Act are also regarded as deliberate invasions of the liberties of the workers. The disclosure of a private memorandum drawn up by the Premier of New South Wales, containing suggestions from various sources as to measures whereby employers and Governments might assist recruiting by discharging eligible workers has been used to the utmost by the pacifists and anti-conscriptionists, who term it "economic conscription." The high cost of living and the proved existence of profiteering have further assisted the growth of discontent amongst the workers. These incidents of war-time are coupled with the economic resolutions of the Paris Conference and the movement for Imperial Federation as evidence of the capitalistic nature of the war and the determination of capitalism to exploit the world, at whatever cost to the workers.

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On no question, possibly, so much as on that of Imperial Federation does the Australian Labour Party expose the depths of its suspicions and its want of analytic thinking. The men who advocate a League of Nations and condemn every form of Imperial Federation in the same breath, show that they have no understanding of the meaning of self-government and the implications of democracy. They make no mention of the Imperial problems which will urgently call for solution after the war. Their conception of self-government demands the complete exclusion of Imperial intervention or control in all matters affecting Australia, while it assumes the continuance of British military and naval protection and the diplomatic and commercial advantages secured by membership of the British Commonwealth. It rejects equally the limitations of dependency and the obligations of partnership ; it claims the independence of a sovereign State without the restraints which are imposed upon every such State by the knowledge that it must answer to others for its policy. Nothing could be further from that "self-government" which is essentially "responsible government." It is a curious development which proclaims with the same voice Marxian internationalism and a nationalism of "Ourselves alone," which would make a League of Nations impracticable and a World-State a fantastic contradiction. The champions of such a chaos of Bolshevism and Sinn Fein fail to appreciate the elementary principle of politics which declares that the exercise of sovereignty expands with the widening of the community.

The self-government of the village community is small and narrow compared with the self-government of a united Empire, and the fullest membership of the one is a primitive function compared with the citizenship of the other. The Australian worker sees only a weakening of his citizenship in the widening of its exercise. He thinks he is asserting the fullness of his democracy when he is but exposing its incompleteness. The man who declares for

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"State rights" as against a national federation is of a lower stature of citizenship than the federal citizen. Greater "civic intensity" is not the political alternative to a wider citizenship. This simple truth has escaped the grasp, not merely of the Australian worker, but of a very large proportion of the people of the Dominions. The Australian Labour Party is, however, its extreme exponent. While claiming to rest its case upon opposition to capitalistic Imperialism, it is nevertheless completely confused as to the fundamental meaning of citizenship. The increasing internationalism of the Australian Labour movement is thus an influence not merely against an effective form of Imperial government, but against the success of such an international union as that of the proposed League of Nations.

II. THE SOUTH PACIFIC

IN April of this year a Report was presented to the Commonwealth Parliament by the Interstate Commission on the position and prospects of trade in the South Pacific. The Report originated in a request by the Minister for Trade and Customs that the Commission would consider the importance of the copra trade to Australia and would advise him whether Government intervention was necessary in the interests of either British or Australian commerce. The scope of the inquiry was subsequently enlarged, and when the first sittings were held in Sydney in October, 1916, it was announced that the Commission would investigate the whole field of British trade in the islands then administered by or on behalf of the Imperial Government. Within this area it was limited only by the declared intention of the Australian Government to increase the Australian or British control of copra and to protect the Australian interests already dependent on it. It was not called upon to give advice on the claims of either hostile or

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Allied Powers to any of the islands or to their place in a scheme of Imperial defence. These limits are studiously observed in the conclusions to the Report. The Commission specially refers to the island of Nauru, but only to point out that free access to its phosphate deposits is of vital importance to the agriculturists of Australia. The last recommendation is that a chain of wireless stations be erected throughout the islands. The Commissioners no doubt had been reminded of the chain which connected the several German harbours with each other and with Kiau-Chau, but they base their advice on the value of wireless telegraphy for commercial purposes. This reticence was probably influenced by the knowledge that, although some British Ministers had announced their individual views, the Prime Minister had stated that, whatever might be the fortune of the Allied armies, the disposition of the Pacific Islands would depend on the decision of a Peace Conference. It was none the less inevitable that the whole of the Report should be coloured by the existence and the uncertainty of the war, and that the recommendations should be of a tentative character.

The principal witnesses were the representatives of great trading and shipping firms, such as Lever Brothers, growers, importers, and manufacturers of copra; Burns Philp, who are interested not only as shippers subsidised by the Australian Government, but as traders and, through their subsidiary companies, as planters; and the Colonial Sugar Refining Company, whose industry is the mainstay of the colony of Fiji and who are deeply concerned in the maintenance of a supply of labour from British India. The trade in manufactured goods from Australia to the islands was described by the shipping managers of large retail and wholesale businesses carried on in Sydney. These commercial witnesses were supplemented by experts who had been engaged in the study of island products or of industries with which they came into competition, by professional men resident in the islands, and by the Rev.

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J. W. Burton, whose book *Fiji of To-day* is indispensable to any student of the life and progress of those islands. The documentary evidence consisted mainly of official statistics of the trade and shipping of the South Pacific, with special reference to the trade in copra, of the annual reports of different groups, and of other information supplied by the Governments of New Zealand and Fiji. The Commissioners have clearly made themselves familiar with a great deal of the modern literature on the development of island trade and on the government of tropical dependencies. The Report would have been more useful to students than it is if a list of these authorities had been appended. It is obviously the result of careful and impartial study. Its value, however, is seriously affected by a disadvantage to which the Commissioners themselves draw attention. The evidence was taken in Melbourne and Sydney and they had no opportunity of observing the life of the tropics at first hand. If the Australian or the Imperial Government wish to be equipped with the knowledge necessary to enable them to form a judgment on these islands, this enquiry should unquestionably be followed by an inspection of the principal groups either by these Commissioners or by some other authority representative of all the interests concerned in their future.

The conclusions arrived at are set out under twelve heads, but the Commissioners admit that it has been impossible to isolate one branch of their enquiry from another. The growth and the general development of any island product, whether copra, sugar or coffee, depend on the treatment of natives by the Government and by the planters and on the systems of land tenure maintained in the different groups. The supply of imported labour depends on the conclusion of some satisfactory arrangements with the Government of India or an exchange between the islands, unless recourse is to be had to sources outside the Empire, such as Java and China. The export of island products to Australia depends on the ability of Australian

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or British shipping to compete with the subsidised lines of other countries, and the future of shipping may be governed by any one of several factors—by the willingness of the British and Australian peoples to pay subsidies equal to those paid by their rivals in Germany or Japan, by the wages and conditions for shipping enforced by the competing nations and by a policy of export duties differentiated in favour of goods sent to British possessions such as has been introduced in the Straits Settlements and in West Africa. There is scarcely any line of enquiry which does not lead the student in one direction to the life of a native village, in another to questions involving the unity of the Empire and its place among the Great Powers of the world. If there is an apparent exception in the Commissioners' advice to Australian merchants to study the taste of their island customers, this appearance of simplicity is delusive. Native requirements depend to some extent on intercourse with white men. Native custom depends on the ability of the native to earn money. Both will be influenced by the facilities for inter-island trade, by the way in which natives are treated by white men, and by the manner in which the traditions of communism are dissolved by contact with an alien civilisation.

The complexity of the subjects treated, the multiplicity of the side issues, and the uncertainty of present conditions have not prevented the Commissioners from giving definite advice on certain points. They enter a very necessary *caveat* against extravagant estimates of the resources of the islands. There are phosphate deposits of great value in Ocean Island and Nauru and in the island of Angua, now in the possession of Japan. The output of the groups may be increased considerably, but the idea that tropical luxuriance can be converted into inexhaustible wealth, even when plantations are in full bearing and the necessary supply of labour is assured, cannot be entertained. The South Seas at present produce about 14·7 per cent.

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of the world's supply of copra and the supply may be doubled from trees not yet come to maturity. The world's demand is increasing and the acreage under crop may be increased very largely. Rubber and tobacco and sisal hemp have been cultivated with success in Papua—the two last on a small scale—coffee, cotton and cocoa in the French possessions. An abundant supply of cocoa of good quality is exported from Samoa. But every authority who can speak with a first hand knowledge of Papua or of German New Guinea or of the Solomon Islands dis-countenances the assumption that the whole of the land at present uncultivated can profitably be developed. It would be difficult to overestimate the value of the South Pacific Islands as ports of call or as bases for the defence of Australia and New Zealand. There is a limit, though it has by no means been reached as yet, to their capacity as producers of raw material or of food supplies for other countries.

It is only necessary to set out the conditions under which the islands are at present administered to show that a more homogeneous system is necessary in the interests of development as well as of defence. There are ten separate jurisdictions, each of which has been established to meet the immediate needs of a particular group. Fiji is a Crown Colony. Its Governor holds the office of High Commissioner for the Pacific, but the two appointments are distinct and the ordinances of Fiji do not apply to any of the smaller groups. The New Hebrides are governed by the Anglo-French Condominium, which has been a continuous failure since its establishment in 1906. The British Solomon Islands are a protectorate under the ultimate control of the High Commissioner. Papua is subject to the Australian Commonwealth. Late German New Guinea (New Britain, New Ireland, the Admiralty Islands, etc.), together with the Northern Solomon Islands of Buka and Bougainville, are at present under its military administration. Samoa is under the military occupation

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of New Zealand, the Cook group and the Kermadec Islands under its civil administration. The Gilbert, Ellice and Union Groups, including Ocean Island, have lately been classified as a colony, but are still administered as a protectorate under a Resident Commissioner. The Commissioners suggest that the future form of government should be settled after a further enquiry in consultation with the Governments of Australia and New Zealand. They favour the establishment of a federation with its headquarters in Sydney under the direction of a High Commissioner who at the outset might be the holder of the office of Governor-General of Australia. Sydney is the centre of the South Pacific trade and has far better means of communication with the islands than Fiji, but the proposed arrangement has met with opposition on a number of grounds. It is the policy of Australia to promote the settlement of Queensland and the Northern Territory by means of a protective duty on tropical products. Misunderstandings have frequently occurred between the peoples of Australia and of British India, and the goodwill of British India is essential to the maintenance of industry in Fiji and elsewhere in the Pacific. Communications between Fiji and the other islands may be improved so that a Commissioner might exercise jurisdiction from Suva, where his attention would not be diverted from the problems of the tropics. Objections will be raised to any new system that may be proposed. There is complete agreement on the necessity of a change which will provide a centre for the different groups and a greater uniformity of policy with regard to the four connected problems—labour, tariffs, defence and intercommunication.

The Report maintains that for the material development of the Pacific Islands the first question to be taken in hand should be the provision of an ample and efficient supply of labour. Other questions may be postponed. A permanent and decided Labour policy is "imperative and overdue." The future of the sugar industry in Fiji is

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uncertain because the indentured system of labour has been condemned by the people of British India to the relief of every disinterested observer. The plantations of Samoa are threatened with ruin because the New Zealand Government, with the approval of the Imperial authorities, refuses to consent to the further importation of Chinese labourers, and insists that those at present in the island shall be repatriated as tonnage is made available. Planters in the Solomon Islands and the New Hebrides are asking for supplies of labour and are unable to find them. Papua and German New Guinea are for the present self-sufficient, but there is only one group which admits a surplus—namely, the Gilbert and Ellice Islands. The Commissioners cannot suggest any single remedy for this very serious danger. The prospects of obtaining labour from Java or from China are not favourable, nor would the Chinese labourers be a welcome substitute for the Indian. If the islands were united in some form of federation, labourers might be sent from the Gilbert Islands to other groups as they are now sent to Ocean Island, but the supply could not possibly overtake the demand. The hopes of the planters must turn to British India and to the establishment of conditions under which labourers will emigrate as free men seeking homes for themselves and their families.

The means of inducing natives to work on their own islands cannot be considered apart from the questions of land tenure and of the future of the native races generally. The problem of labour in Fiji originated in a decision of the British Government that the native should be the universal land owner. The native has therefore no compulsion to work. He has his land to live on and is suffering the inevitable penalties of idleness. Although the decline in population has ceased he is losing his vigour and his islands are steadily assuming the character of an Indian Colony. In Papua native rights are jealously safeguarded. The native is the owner of all land to which

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he can show a colourable title by occupation, but the waste lands are the property of the Government, to be leased by them on long terms to applicants. The native must work either in his own village or on plantations if he wishes to earn money. The supply of labour in the Solomons might be increased if more vigorous measures were taken to pacify the islands, and in the New Hebrides if better relations were established between the planters and the natives ; but there seems to be no possibility under present conditions that the economic development of the South Pacific Islands will be adequately carried on unless labour can under some conditions be obtained from the thickly populated countries of Asia.

It is obvious that the differences between one island and another forbid any satisfactory generalisation. The Report gives no complete answer to the questions in which the enquiry originated. The witnesses showed that German trade was cut off from British ships before the War by exclusive agreements between the planters and subsidised shipowners. They were of opinion that, whether the islands remained German or not, German planters would prefer to send their produce in German ships to German ports and to buy their goods from German merchants. It is no easier to find a single remedy for this danger than for the lack of native labour. The witnesses admitted that something might be done by a differentiated export duty, but the Commissioners urge that the first object of any suggestion should be to increase the productivity of the islands and the second to follow up the discoveries made during the War of improved means of treating and utilising these products within British markets.

There is one positive conclusion which will be read in Australia with unmixed pleasure. The Commissioners are warm in their approval of the results of the Australian administration in Papua. There were many prophets of evil when the possession came under the partial control of the colony of Queensland and they were heard again

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when it was taken over by the Commonwealth. The majority of them complained that the native tribes were threatened with maltreatment which would lead to their ultimate extinction. The country was difficult to explore. The natives were compendiously described as unintelligent and savage. In subsequent years the administration has been criticised on the ground that native rights were too carefully guarded and that both the regulations and the administration were too favourable to them at the expense of the planters. This inquiry supports the view that the methods pursued are justified on economic as well as on moral grounds. The system of land tenure is cited as a model for the other islands. The trade of Papua compares very favourably with that of similarly situated German colonies. The native labour supply is at least equal to the demands made upon it.

This last result is the best tribute possible to the wisdom, the patience and the foresight of two administrators—Sir William Macgregor and Judge Murray. Papua would have been better off if the Australian Government had had more money to spend on it. But it has been singularly fortunate in the service of two administrators, each animated by the best ideals of British pioneers and endowed with rare gifts, with the liberality of mind which enables an administrator to understand and sympathise with every type of human life and the power of leadership by which he can get constant ungrudging help from subordinates who work under difficult conditions with small prospects of pecuniary advancement or popular distinction.

Australia. August, 1918.

UNREST IN SOUTH AFRICA

I. WHITES

IMMEDIATELY after Parliament rose on May 8, South Africa found herself faced with the prospect of serious internal disturbances, and the threat of these continued for some months. It started with an ordinary industrial dispute between the Municipality of Johannesburg and its employees, which, though marked by certain peculiar features, would not in itself have been a matter of outstanding importance, had it not produced such a marked effect upon the vast body of natives who were employed on the mines and in other ways along the Reef. The position was further complicated by what seemed to be indications of an intention on the part of a certain section in the Transvaal to take advantage of any trouble which might arise on the Witwatersrand to strike at the Government in the hope of establishing a new social and political order. It is necessary to deal with these matters in some detail.

The ball was set rolling by the Johannesburg Central Committee of the Amalgamated Society of Engineers, who, on March 6, called a meeting of the men employed at the Municipal Central Power Station to consider the advisability of asking for an increase of wages. At the meeting it was decided to demand an increase proportionate to the rise in the cost of living, which, it was claimed, the Government Cost of Living Commission estimated to amount to 35 per cent. This Commission was appointed

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by the Government a year since, and published monthly in the *Gazette* a set of figures showing the percentage of increase in the cost of living, including rent, in the principal urban centres of the Union. Their figures for Johannesburg showed that though the cost of foodstuffs had risen 35 per cent., the net cost of living, including rent, had risen only 23 per cent. But another ominous indication of the attitude the men intended to adopt was the fact that, although two members of other unions were allowed to speak, and urged that the demand should be postponed until other artisans had had an opportunity of deciding upon similar action, this course was not adopted, and it was decided to go ahead and present the demand immediately. This sectional attitude was adhered to by the men throughout the strike. The demand for this increase of pay, which was to be retrospective as from March 1, was also coupled with two other requests covering improved facilities for eating and cleaning and compulsion on all eligible men to join the union. Translated into terms of cash it involved an increase of 6½d. an hour, and brought the wages up to £8 2s. a week.

After this demand had been sent in on March 8, the Federation of Trades intimated to the Town Council that it expected that any increase granted to one section of the mechanics in the Council's employ should apply to all sections of mechanics, while on March 23 the Municipal Employees' Association requested the Council to consider the whole of their employees in connection with the demand of the mechanics. There was some delay in dealing with these various demands, which was due to the necessity for collecting information, and to the absence of the town clerk, and the delay somewhat embittered the feelings of the men, though it does not appear to have been unreasonable under the circumstances. However this may be, on May 2 the Council agreed to an increase up to £7 10s., to date from April 26, but omitted to deal with the other two points. When attention was drawn

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to this the whole matter was referred back once more to the General Purposes Committee, this involving further delay. On May 7 a meeting of the men was held, when it was decided that, as no communication had been received from the Council since March 15, a strike should be declared as from Saturday, May 11, unless all the demands were conceded by Friday. As regards the complaint that no communication had been received it is worthy of note that the proceedings in the Council on May 2 were fully reported in the Press, therefore the men knew precisely, although unofficially, what the position was. The decision of the men was transmitted to the Council on May 8, and on the 10th the Council agreed to increase wages up to £7 10s. as from March 1, and proposed that the balance of 12s. should be submitted to arbitration. They also agreed to compulsion on men to join the union. About the other point there was practically no dispute. This offer of the Council's was unhesitatingly rejected, and at noon on Saturday, May 11, the men employed in the power station refused to work. On Monday, May 13, an informal conference was held between the two parties, from which the Federation of Trades was again rigorously excluded by the men, when the Strike Committee pointed out that arbitration was not possible, as the demand represented the price at which the men were prepared to sell the labour required by the Council, and that it was not solely based on the rise in the cost of living. The conference, therefore, led to nothing; but on the same day the Council received notice that their engine drivers and firemen intended to go out on the day following. They were also informed by the Federation of Trades that all the other unions would also come out on the ground of the solidarity of labour, although they disapproved of the action of the men which had led to the strike. Faced by this position the Council on the same evening capitulated, and on a division, by 14 votes to 13, conceded all the men's demands.

The causes of this strike, which, however, do not concern
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Natives

as so much as its after-effects, may be summarised under three heads. First, the sectional attitude adopted by the men, and the rigorous exclusion of the Federation of Trades. Had the Federation been allowed to intervene it would certainly have prevented the men from taking their first false step, that of misreading the Cost of Living Commission's figures. This may be put down as the second cause. The original demand was based on a rise of 35 per cent. in the cost of living, but when this could not be upheld the men switched off from it as the basis of their demands, and simply claimed the right to sell their labour at the highest price obtainable, and to hold up the community until they got it. Thirdly the Council must bear its share of blame for its failure to meet the men and discuss the situation with them. It is proposed now to set up permanent machinery by which this mistake will be avoided in future.

II. NATIVES

BUT it is the after-effects of this strike which are of such paramount importance, for the native employees of the Municipality thought they could do likewise, and this, in its turn, led to the likelihood of serious disturbances on the mines. But it must not be supposed that this was a wholly impulsive movement on the part of the natives. For some time they had been feeling the pressure of the increased cost of living. As early as February there had been a boycott of certain trading stores on the East Rand owing to the high prices charged. As a result a special enquiry had been instituted, as also an enquiry by the Cost of Living Commission, and the Government were in possession of both the reports, but no action had yet been taken on either. When, therefore, the natives observed the municipal European employees demanding a large increase in wages on the same ground, and, when

Unrest in South Africa

this was refused as unreasonable, going on strike and obtaining it regardless of the extent to which the cost of living had actually risen, they were very naturally inspired to do likewise. Accordingly early in June some of the natives employed in the sanitary service refused to work. But they overlooked one important point. Under the Riotous Assemblies and Criminal Law Amendment Act of 1914, which was passed at the time of the deportations,* it is provided that an employee in a public utility service, who by striking commits a breach of his contract of service shall be guilty of an offence. It happens that the Europeans employed at the Central Power Station are all subject to a day's notice, whereas all the natives in the sanitary service are employed on a monthly contract. Therefore, though the white men committed no breach of the Act by giving a day's notice the natives by not giving the requisite month's notice clearly did so. They were, therefore, incontinently arraigned before the magistrate, who dealt with them with considerable severity. The obvious discrepancy between the treatment meted out to the white men, who, after holding up the community for three days, received a generous increase in wages, and that allotted to the natives, who, after following the example set by the white men, only received a severe punishment, created a tremendous stir in native circles. Meetings of protest were held throughout the country; the Churches and Missionary Societies took the matter up strongly, and the Government, who were probably as much alive to the unsatisfactory features of the situation as anybody else, intervened and suspended the sentences. But the harm had been done. The native mind is naturally not equal to digesting subtle distinctions of law, and from the point of view of abstract justice it is, of course, impossible to justify such a differentiation of treatment. Soon the trouble spread to the mines. On July 1 there seemed a likelihood of serious unrest breaking out. The Govern-

* See THE ROUND TABLE, No. 15.

The Threatened Rebellion

ment, however, were able to deal with the situation promptly; it had been foreseen and all necessary preparations had been made. On June 29 the Prime Minister issued a message to the natives appealing to their loyalty, and announcing that the sentences on the municipal employees had been suspended, and that the Chief Magistrate of the Transkeian Native Territories had been appointed as a Commissioner with full power to enquire into their grievances. The result of the enquiry has been the publication of a most valuable report, which it is hoped it may be possible to deal with in the next number of *THE ROUND TABLE*. Here we may content ourselves with observing how the natives are expected to submit themselves humbly to Governments, both national and municipal, in which they have no voice; and how they must look on while the white man, who is alone responsible for setting up these Governments, treats them with the scantiest respect, and holds them up to ransom with impunity, and often with profit to himself.

III. THE THREATENED REBELLION

IT is surely peculiarly unfortunate for the Union that, endowed as she is with this large native population, she should be the arena of industrial disputes and constantly recurring rumours of rebellion. Let us hope that when final victory is achieved in Europe at any rate these latter will become things of the past. But that they still have to be reckoned with we were reminded at the end of June. Serious trouble was anticipated in the Transvaal. General Hertzog had just previously carried out a tour through the Eastern districts of that province, and no doubt his eloquence had enflamed the ever-glowing embers of the republican spirit. A prominent Nationalist even went so far as to ask the Government to incarcerate him in order that he might be in a place of

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safety, knowing as he did how doomed to failure any rising would be. It is only fair, however, to say that General Hertzog himself at his principal meetings emphatically warned his hearers against anything in the nature of violence, and there is nothing to show that the leaders of the Nationalist Party were in any way connected with or encouraged the project of a rising, if, indeed, there was anything that deserved that name. An attack was expected on Pretoria ; Capetown was warned to be prepared for the worst ; and the Prime Minister on July 1 issued a manifesto calling on all who are loyal to the constitution to stand by the Government, and promising that the instigators of the disturbance should be brought to justice. There can be no doubt now that the gravity of the crisis was much exaggerated. To what extent a rising was really contemplated remains a profound secret, buried away in the archives of the Government's Intelligence Department, which had just been reconstituted. It is doubtful whether such a movement as there was had any recognised leaders or any definite object. But one significant fact stands out, and it is that, in spite of the promise contained in General Botha's manifesto, no legal proceedings have been taken against anybody, and the instigators have not been brought to justice. This is unfortunate, to say the least of it. It has had a depressing effect upon the prestige of the Government, who, especially in South Africa, with its large native population, cannot afford to acquire the reputation of crying "wolf."

South Africa. September, 1918.

NEW ZEALAND

I. SEEING IT THROUGH

THE beginning of the fifth year of war finds New Zealand still resolute to "carry on," but considering with some anxiety her diminishing reserve, the difficulty of maintaining her farming industry and the production of food and raw material and the lack of shipping facilities for transporting the large quantity of produce with which her stores are crammed. The cabled remarks of the High Commissioner in July that the strain on the man-power and resources of the Dominion was beginning to tell, and that it would be sound policy to accept men from America and foodstuffs from New Zealand, especially as they were made while Mr. Massey and Sir Joseph Ward were in England and therefore presumably with their approval, and in view of the fact that on their return from England just a year before these leaders had given a similar hint, caused some misgiving in the minds of those who consider it New Zealand's duty to "see it through" to the end. These remarks called forth from correspondents in the Press the arguments that America has more men available for the Western Front than she can find shipping for, and that for one trip made by a New Zealand transport an American could make six, while New Zealand has large quantities of foodstuffs much needed in Great Britain, that, therefore, from a commonsense point of view, New Zealand should concentrate on foodstuffs and America on men. Fortunately,

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the policy of replacing our men by mutton was promptly repudiated by the Minister for Defence, Sir James Allen, who, speaking on July 15, declared himself absolutely pledged to keep the New Zealand Division at its full strength so long as he had man-power to do it with—a pledge which New Zealand citizens honoured by word by recording on the anniversary of the declaration of war their inflexible determination to carry the struggle to a victorious end and are honouring by deed as each successive reinforcement is duly dispatched.

Some evidence of what New Zealand has already done has been afforded by the report of the Commission appointed by the Government last January in consequence of allegations of waste and extravagance in the administration of the Defence Department. The Commission consisted of Brigadier-General Anderson (an able business-man from New South Wales who had already overhauled the organisation of the supplies to the Australian Force) and two New Zealanders. It travelled throughout the Dominion, taking evidence freely from men of all ranks, and sent in a report as racy in expression as it was businesslike in its observations and recommendations.

The Report, which was published on August 3, states :—
“ In all essentials the Administration has succeeded. £40,000,000 has been spent and no frauds committed. An army of 100,000 men has been excellently and fully equipped and carried to the other end of the world. Supplies have been purchased well, and, although the actual purchasing has been done outside the Department, military officers have been responsible that quantities have been sufficient and not excessive. The bargain for transport vessels is the most favourable that can be learned of anywhere. Your sick and wounded have been tended with efficient and tender care both here and abroad. At Gallipoli the New Zealand Hospital Ships won such a name that the wounded of other Forces counted themselves fortunate to be transported on them.”

Seeing It Through

The many criticisms contained in the Report cannot here be discussed ; but it is worth observing that the Commission, in making those criticisms, points out that its business was to deal with faults and failings and that, unless this fact is borne in mind, a wrong impression may be conveyed of its report. Broadly, its opinion is that a great work has been well done.

Meanwhile the reserves at the disposal of the Dominion must sooner or later approach exhaustion ; and it will then undoubtedly be handicapped by the fact that the Government (*a*) has resolutely declined to make any use of the woman-power of the country except for clerical work and as telegraph messengers or to look ahead and make provision for the training of women to replace men even in such Government Departments as the Patents and Stamp Offices, and (*b*), although it has placed on the statute book a measure enabling it to enforce national service, has taken no steps to formulate or bring into effect any such scheme. It is true that the proportion of leisured people in the Dominion is comparatively small and that the domestic servant problem necessitates a large number of women devoting their attention to housework, but in view of what has been done in England and what is being done in America neither the Government nor the women of this country as a whole have begun to realise the possibilities of the entry of women into war work. Nor have we sought by means of "anti-loafing" legislation on the American model to increase the number of our Home Service Workers and to solve the problem of the bookmaker at one and the same stroke. In short, it may be fairly said that New Zealand has in the main, since the war began, been carrying on steadfastly and doggedly, but with little foresight and little imagination and little aptitude to learn from other countries.

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II. LABOUR'S ATTITUDE TO NATIONAL SERVICE

LABOUR has shown strong hostility to any scheme of national service. A big Labour Congress held early in July decided to oppose industrial conscription or national service, which by the Finance Act, 1918, the Government was empowered to enforce. The Congress in a report on the subject expressed the opinion that the reason for the proposal was to maintain the advantages and profits of the employing and landowning classes. In order, it continued, to minimise the chances of chaos and starvation on a large scale, there must be scientific organisation and control of the full resources of the State. The private ownership of such services as banking, transport and food supplies had tended to arrest progress and sap the vitality of the State, and must no longer be tolerated. The Report advocated the taking of all community-created land values as well as all incomes above £300 a year during the war period, the public ownership of the principal means of transport and the organisation of a carrying service that would assist in the development of industry, and the immediate public ownership of all sources of supply for the purpose of increasing the production and conservation of the necessities of life. The Congress expressed the view that the proper industrial function of the State was to nationalise industries and thereafter to entrust their management to the Trade Unions. In the meantime, so long as the relation of employers and employed continued, the basis on which they should meet should be the universal acceptance of unionism by both sides—viz., one organisation of employers and one of employed for each industry as a whole throughout the country. With such a system of industry there should be a National Industrial Council composed of one elected representative each from employers and employees for each of the present industrial districts. This Council is to be

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an Industrial Parliament and Court of Appeal, whose duty shall be to make suggestions for the guidance of local councils and to decide any disputes which may voluntarily be brought before it. But such decision shall not have the force of law, nor be regarded as arbitrary, it being recognised that freedom of action is the basis of these proposals, the workers retaining their right to withhold their labour, and the employers their right to refuse access to the factories, subject only to the rules of their respective National Industrial Organisation. In each Industrial District there shall be separate advisory councils for each industry composed of an equal number of elected representatives of employers and employed. The Councils would concern themselves with regulation of wages, supervision of working conditions (controlled by workshop committees), prevention of unemployment, employment of partially disabled soldiers, technical training and research, publicity, continuous and progressive improvement. Subsidiary bodies would be committees of inquiry to investigate and report on the foregoing matters, joint district councils for the discussion of the proposals of the councils and the furnishing of local facts, statistics and suggestions, and works committees representing Management and Labour set up for the same purpose in particular fields, factories and workshops.

The scheme, in fact, follows on the lines of the Whitley Councils now being set up in England, and, like the Whitley Councils, the Parliament and the Tribunal for the settlement of disputes are to have no power to give a binding decision. It is noteworthy that no mention is made of our Arbitration Court, which was designed for the prevention of industrial strife. Surely, if industrial peace is not to remain a dream, some authority must be created to maintain the sanctity of contracts and to settle disputes by course of law in lieu of their settlement by violence, whose decision shall be binding on the parties and have power of enforcement behind it.

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A deputation from the Congress was received by the Acting Prime Minister and other Ministers. Speakers expressed the opinion that the aim of the Government was to suppress the workers and let the farmers and employers do what they pleased ; that the Government, instead of adopting scientific organisation of industry, was allowing the employers to exploit the workers, and that since the war Labour had been ignored by the Government and had not been consulted about the regulations for the conscription of Labour. Sir James Allen and his colleagues pointed out that Labour Members had been invited to join the National Government, that national service applied not to Labour alone but to everybody, that no regulations had been considered, and that, as already promised, before any regulations were made, a conference would be convened of representatives of Labour, employers and the Government.

III. THE COAL CRISIS

THE question of the observance of agreements has cropped up in the present coal crisis—an excellent example of the relative attitude of Capital and Labour to each other and the difficulty of producing harmony between employer and employed here as in other parts of the world.

Last September's number of *THE ROUND TABLE* described the continuance of a "go slow" policy in the coal mines ; the strike declared by the miners as a protest against conscription, although Military Service Boards granted exemptions to all miners so long as they continued in their employment ; the arrest of the leaders under the War Regulations on charges of being parties to a seditious strike ; and the settlement on terms that led to the general feeling that peace had been purchased at too high a price. A Conference in May 1917 between the coal owners and the Miners' Federation proved abortive. In the course of this

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Conference the employers offered to increase the existing 10 per cent. war bonus by a further 10 per cent. to shift workers and 7½ per cent. to contract workers. This was refused by the representatives of the Miners' Federation, but was afterwards accepted by practically the whole of the Miners' Unions of the Dominion; and registered industrial agreements were entered into, or Arbitration Court awards made, for a period of three years or until six months after the declaration of peace.

One of the terms of the settlement of the 1917 strike was that it was to be made plain to the Military Service Board that every essential worker in coal and gold mining should have his appeal allowed. Some 200 miners on the West Coast of the South Island were refused exemption by Boards on the ground that they participated in an illegal strike. These men, however, were allowed to resume their work and officially designated "soldier-miners" liable at any minute to be brought up for service.

For a considerable period the Dominion has been living on a hand-to-mouth basis for coal supplies, the stocks of the railways and the gas companies have diminished to a dangerous extent, and this winter there has been a coal famine which has led to a rationing of coal. Lignite slack, in former years unsaleable, and slack of the kind used for ballasting railways were supplied to the public at prices that necessitated the intervention of the Board of Trade, which reduced the price of slack by 2s. per ton. An almost unprecedentedly cold winter, and heavy falls of snow in the South Island, accentuated the hardship of the situation.

Comparing the years 1914, 1916, and 1917, we had :—

In the year	Output	Imported
	Tons	Tons
1914 ..	2,275,614 ..	518,070
1916 ..	2,257,135 ..	292,956
1917 ..	2,068,419 ..	291,597

Of the shortage in 1917 of 433,668 tons compared with

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1914, 373,062 tons is represented by a shortage of hard coal required for steam-raising purposes. For the first six months of 1918 the total of local output and imports was slightly in excess of the first half year of 1917, the output having increased, and the import having diminished owing to lack of shipping. A substantial increase in output is urgently required, but the output shows a decrease on the pre-war returns, and according to the mine owners the output per shift man is less than formerly. The coal miners have certainly failed to realize that an increased output is essential if the fund to be divided between Labour, Management and Capital is to be augmented. Up to last January the miners of the Dominion appeared to be satisfied and harmony seemed to be re-established between employers and employed. In that month, however, the Secretary of the Miners' Federation wrote to the President of the New Zealand Coal Mine Owners' Association demanding a further 20 per cent. increase in the rates of pay to cover the increased cost of living. The owners refused the demand, but made a counter offer to pay "an additional bonus of 5 per cent. to wages men and 2½ per cent. to contract workers and piece workers—to all such workers who attend and work the full available time during any fortnight. The bonus, however, not to apply to any special contract or contracts for which tenders have been called." There was a further offer to institute trucking on contract in place of the present day-wage system. The Federation representatives issued instructions to unions not to accept the mine owners' offer.

The next step was a demand by the Federation that a conference between the Coal Mine Owners' Association and the Federation should be held. In the meantime, the elections took place, first in Wellington North, where Mr. Holland, a Labour Extremist and avowed Anti-Conscriptionist, although defeated, obtained substantial support in what had always been regarded as a safe Reform (Conservative) seat, and then for Grey in consequence of the imprisonment

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for seditious utterances of Mr. Webb, the sitting member. In the latter constituency, the stronghold of Labour and Anti-Conscription, Mr. Holland was returned, although by only a small majority.

The Coal Mine Owners' point of view may be thus summarised :

(1) The dispute did not originate from the Unions, which were satisfied, but from the Federation officials whom the owners regard as disturbers of industrial peace. The fact that these officials instructed the miners to refuse the offer of a bonus for full time worked, showed that their object was not an increase of wages but to provoke industrial strife.

(2) There are existing and recent industrial agreements which have still a considerable period to run and by which the miners should abide.

(3) Miners are the best paid workers in the Dominion and their wages reach a very high average, having advanced since the war to a greater extent than the cost of living. The average weekly wage it is possible for workers to earn is nearly £7.

(4) Approximately 10 per cent. of the available working time in mines is not worked by mine employees. While on the average there was five days' work per week available for miners they actually only worked an average of 4½ days per week, whereas the coal miners in Great Britain, according to the *Labour Gazette*, worked in the fortnight ending May 18th 5·66 days per week. If miners worked full time, they could increase the coal output by 200,000 tons per annum and earn a substantial increase of wages per week.

(5) Coal mining is not profitable. A return covering nine companies shows that the capital invested totals a million and a half, and the average interest earned was 3·7 per cent.; during the past three years, four companies paid no dividends at all, while some companies lost the capital not only of the shareholders but of the debenture holders, and others worked for years either at a loss or without paying any dividend.

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The miners' point of view is :

(1) That they are not asking for a variation of existing agreements, but only for a readjustment of wages made imperative by the increased cost of living.

(2) That the Coal Owners' proposals mean "speeding up" and whenever they have been adopted have resulted in a large increase in accidents.

(3) That the miners now, according to a budget compiled by their wives, are 55 per cent. to the bad as compared with their position in 1914, not only the cost of living but the cost of explosives and tools having gone up.

(4) That the miners are producing more coal per man to-day than at any other time in the history of New Zealand.

(5) That the increase in the retail price of coal has been quite out of proportion to the increase in the miners' wages.

(6) That according to the Ministers for Mines and Munitions, the miners, as a whole, had worked harder, and there had been less absenteeism in all the mining districts.

(7) That the profit of the Point Elizabeth Colliery, a State Coal Mine, for 1917, was £18,000, coal from it being sold at a considerably lower price than the present selling price of the private owners.

To the miners' statement the owners replied quoting the Government Statistician's figures as to the increase of the cost of living at 25·6 per cent., while the average increase in miners' wages was at least 38 per cent., and that for the mine quoted the balance of profit over loss for five years' working was a little over £700 per annum, the profit in the last two years being due to the drawing of pillars, a cheap method of getting coal. Moreover the State pays no rents or royalties.

Both sides have put their case fully in the Press, and appealed to the public, which naturally asks the miner why, if his plight is so bad as he makes out, he should not

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better his conditions by working another day in the week. Moreover, for just this class of question, we have a suitable tribunal, the Arbitration Court, to which the miners might in due course of law refer their case, continuing their work in the meantime.

The Secretary of the Federation of Labour, however, appealed to the Government to take over control of the coal mines forthwith. A ballot on the question of striking if a Conference were not granted by the owners resulted in a vote of 2,157 for and 84 against, and 1,000 miners ceased work.

The Government, instead of taking the simple course of referring the business to the tribunal provided by law for the settlement of such disputes, and enforcing the war regulations with regard to strikes of this kind, has apparently acquiesced in the expression of opinion of the Wellington plumbers and gas fitters "that the Arbitration Court has outlived its usefulness to the workers of this Dominion." As usual, the Government instead of facing the situation seeks to postpone the evil day by suggesting the appointment of a Commission.

IV. THE PROBLEMS OF RECONSTRUCTION

PEACE being on the horizon, how is New Zealand preparing to face the problems of reconstruction, the repatriation of the soldiers, the reconciliation of Labour and Capital, the reorganisation of our social system, the development of our resources and the improvement of the education of our people so that an increase in material efficiency may be combined with a high ethical ideal? The answer must be that while among the people there are signs of the awakening of a new spirit, a desire to make New Zealand a better country for those who come after us, and to create better conditions of living and a higher sense of citizenship, the outlook gives cause for anxiety.

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The signs of good omen are the campaigns that are being conducted throughout the country by earnest bodies of workers with a view to reforms in several directions: the educational campaigns; the discussions on the question of differentiation of the education of boys and girls; the preparation, on the representations of women's societies, of a scheme for women patrols; the quiet, unobtrusive work of the Empire Service League with its motto of Service, Duty, Tolerance, its addresses on patriotic lines, its issue of pamphlets; the study of social and industrial problems, and the publication of matter dealing therewith; the formation and work of the Forestry League; the movement for an immediate poll on the question of National Prohibition with Compensation; the labours of Town Planning Associations and their endeavour to make our cities more beautiful, more communistic and healthier; the prompt action of the Minister of Marine in appointing a Commission over which he presided representing shipping, harbour boards and workers, which investigated and brought in unanimous recommendations approved by Cabinet for the prevention of accidents to waterside workers loading and unloading ships; the improvement in our treatment of prisoners and the removal of our gaols to country sites; the determination of the Capital City to solve the milk problem by taking over the milk supply, forming the vendors into a company and itself supplying milk to the citizens; the excellent scheme of education introduced into the New Zealand Division at the Front to be carried on while the men are resting and during the period of demobilisation; the increased interest shown in and sympathy manifested with the Workers' Educational Association; the movement for the utilisation of our water power; the readiness of the Press to allot an increasing amount of space to matter dealing with social and industrial problems and to put both sides of the question before the public; and the increased generosity that the war has evoked not only towards calls for Red Cross and other

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war funds, but for the local charitable and philanthropic institutions.

Many of these movements deserve articles to themselves as illustrating the democratic and progressive movements of the country and will provide material for subsequent articles. One, however, demands now more than a mere mention. Since the outbreak of the war any substantial reform in Education has—so far as the Government is concerned—been completely neglected. The classes have been growing larger, the supply of teachers is insufficient, their pay compares unfavourably even with other departments of the Civil Service, many buildings have been suffered to become obsolete and fall into disrepair, and the schools in the cities often stand in squalid surroundings with a pocket handkerchief of a playground for the children, a desert instead of the oasis it should be. The Technical School in the capital has long since outgrown the old buildings in which it is housed, but the Government has done no more than keep the matter steadily in view. Moreover there has been no policy with regard to exemption of teachers for military service. Some Education Boards have made it a point of honour not to appeal, others appeal as a matter of course. The Minister recognises the shortage of teachers, but says he is powerless. His colleagues are callous. Meanwhile, mainly because they desire their children to receive religious instruction, the Anglican and Presbyterian Churches have begun to buy large areas of open ground, to erect modern schools with suitable playgrounds, and to make provision for training teachers. The Roman Catholics have always maintained their own schools. The competition of these schools with the State-free compulsory and secular schools threatens to become a serious problem, both from the point of view of two conflicting systems and from that of the separation of our future citizens into watertight religious compartments, the very reverse of that harmony in religion at which the Churches have been aiming, and

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which life in the trenches has been producing among chaplains of different creeds. Meanwhile the Minister of Education, while recognising the need for reform, confesses himself helpless from want of sympathy on the part of his colleagues and their refusal to provide the necessary funds.

The New Zealand Educational Institute, however, by a vigorous campaign on the platform and in the press has aroused the people to demand a thorough overhauling of our educational arrangements. A petition is to be presented to Parliament. The chief evils complained of are : Inadequate payment of teachers ; inadequate staffing of schools, necessitating the placing of classes under young and untrained beginners ; overcrowded and unhygienic classrooms ; congested playground spaces ; lack of Government depots for the supply of school requisites ; inadequate grants to school committees ; lack of sufficient disinfection of schools and want of proper sanitation ; insufficiency of shelter accommodation in school grounds ; and lack of luncheon rooms for both children and teachers. The demands to be made are an increase of about 25 per cent. in the salaries of teachers, improvements in school buildings and playgrounds, increase in number of inspectors, medical and dental inspection and subsequent treatment of the children, compulsory daytime continuation classes for all boys and girls up to eighteen, central schools, additional staffing.

What does the other side of the shield show ? The old strife between Protestant and Catholic, Orangeman and Hibernian has revived, and the Government has had to prohibit the publication of *The Black Prophet* on the one side and *The Green Ray* on the other. Capital and Labour still face each other as two great antagonists ; a large proportion of those on one side imbued with Conservative ideas as to the place of Labour in our system, slow to forget and slower still to learn, the leaders of the other party keen for knowledge as for power, inoculated

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with Marxian theories and indoctrinating their fellows with them. Numerous leagues, societies and individuals and the Press preach conciliation and co-operation without much visible effect ; but the seed is beginning to take root in the hearts of the people and sympathy for Labour as a class to spring up in unexpected places. Given Labour leaders and representatives who would realise that we must accept the present conditions of our society as the foundation on which to work and improve them by making the man of more importance than the machine, who would impress the country that Labour would be satisfied with moderate views and would identify its cause with that of the bourgeoisie, and at the next election Labour would command a large following. The utterances of the leaders and their uncompromising hostility to conscription, however, have created an uneasy feeling in the public mind that Labour, if truly represented by its leaders, is lacking in loyalty, and, dissatisfied with a gradual reformation, seeks to revolutionise society ; and New Zealand with its sturdy common sense is not likely to tolerate anything resembling Bolshevism.

What is making the outlook dark and impeding progress is the indifferentism of the Government, its failure to envisage the change of spirit and the new circumstances created by the war, its adherence at this supreme moment when a National Ministry is in power to the old party political game. With nineteen vacancies in the Legislative Council to fill, the Government had an opportunity to appoint real representatives of the nation, irrespective of party, who would command the respect of all classes. The appointments were made purely on party lines, the appointees were in most cases party hacks of mediocre capacity, and the obvious reason for the appointment of many of them was their rejection at one time or another by the electors. Moreover, the appointments were made some six months before the next session, so that the country will have been paying six months' salaries without any

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services rendered in return. Recent official appointments indicate that the Government still considers services rendered to party and party exigencies as the prime factors in the determination of the fitness of candidates for posts. There were protests on all sides against the appointments to the Legislative Council, and even those hard-headed men, the farmers, sought in conference to find some solution for the "elimination from the politics of the Dominion of the many evils that have grown up around the party system."

Making all allowances for the burden that the war has placed upon the back of Ministers, there is a strong feeling that they lack the foresight to make provision for the future and the moral courage to abandon party interests and consider solely the welfare of the country. The coalition of Reform and Liberal having failed to rise to the great occasion, people are beginning to say that it is time to give Labour a trial. Labour's opportunity is coming rapidly; will it lose the substance while grasping at the shadow, as it has in the past?

New Zealand. August, 1918.



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